

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

CASE 11-G-0280 - Proceeding on Motion of the Commission as to  
the Rates, Charges, Rules and Regulations of  
Corning Natural Gas Corporation for Gas  
Service.

ORDER ADOPTING TERMS OF JOINT PROPOSAL  
AND ESTABLISHING A MULTI-YEAR RATE PLAN

(Issued and Effective April 20, 2012)

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STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on April 19, 2012

COMMISSIONERS PRESENT:

Garry A. Brown, Chairman  
Patricia L. Acampora  
Maureen F. Harris  
Robert E. Curry, Jr.  
James L. Larocca

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BY THE COMMISSION:

With this order, we approve a natural gas delivery rate plan proposed jointly by Corning Natural Gas Corporation (Corning or the Company), Department of Public Service Staff (Staff), Multiple Intervenors, the Village of Bath Electric, Gas, and Water Systems (Bath), and the Utility Intervention Unit of the New York State Department of State (UIU). Under the rate plan approved here, Corning's rates are established through April 30, 2015.

PROCEDURAL HISTORY

On May 24, 2011, Corning filed to increase its base rates for gas delivery by \$2.56 million, or 11.9%, on a total bill basis for the rate year ending April 30, 2013. The Company

also proposed a levelized three-year rate plan, through April 30, 2015, using future local production credits to mitigate its proposed increases. The levelized plan called for annual rate increases of \$1.68 million, approximately 8.8% on a total bill basis. Without levelization, the requested total bill increases would have been \$901,464 (3.6%) and \$583,033 (2.3%) for rate years 2 and 3, respectively.

Lastly, extending beyond the Company's three-year rate proposal, Corning also proposed staged increases for the 12-month periods ending April 30 of 2016 and 2017, which would permit recovery of carrying costs on incremental plant additions over each previous year. In the alternative, Corning proposed a construction charge mechanism (CCM) to be applied to delivery customers to recover carrying costs on projected infrastructure investments. Corning's filing was supported by prefiled testimony and exhibits.

By notices dated May 31, 2011 and September 20, 2011, we suspended the effective date of the Company's tariff amendments through April 20, 2012. On August 26, 2011, Corning filed updates to its direct testimony and exhibits. On September 21, 2011, the Company requested an extension of the suspension period through April 30, 2012 with no make-whole provision.

Over the course of six months, a team of Staff comprising accountants, engineers and other experts examined the Company's rate filing. Parties to the proceeding engaged in extensive discovery regarding proposed rates, projects, programs, cost estimates, and various other aspects of the Company's business.

On September 23, 2011, Staff filed testimony in response to the Company's rate filing, including a proposed three-year rate plan, recommending a total base rate decrease of

\$601,914 (-2.9%), for rate year 1, an increase of \$654,235 (3.2%) for rate year 2, and an increase of \$355,406 (2.8%) for rate year 3. Staff did not propose a staged increase for years ending in April 2016 or April 2017, nor did Staff propose a CCM. Bath and Multiple Intervenors also filed testimony in response to the Company's rate filing.

Staff's original rate year 1 revenue requirement included a priceout of \$322,583 in revenue associated with the transportation of gas over Bath's distribution system. Staff subsequently recognized that it had utilized the incorrect rate when pricing out the transportation revenue and it corrected the error. The result reduced transportation revenue to \$34,739. Using the revised revenue estimate, Staff adjusted its recommended first-year rate change from (\$601,914) to (\$310,043).<sup>1</sup>

Subsequently, Corning, Staff, and UIU filed rebuttal testimony. In its rebuttal testimony, Corning sought an additional \$950,000 delivery rate increase related to pensions, plant in service, and sales forecast changes.

On October 18, 2011, Corning filed a Notice of Impending Settlement Negotiations with the Secretary and provided a copy to parties in this case. Settlement negotiations commenced shortly thereafter and continued into January 2012.

On January 13, 2012, a Joint Proposal signed by all parties was filed with the Secretary to the Commission. Statements in support of the Joint Proposal were filed by Corning, Staff, Multiple Intervenors, Bath, and UIU.

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<sup>1</sup> Staff's corrected first-year revenue requirement of (\$310,043) was, thus, the starting point for Staff's settlement negotiations, not (\$601,914).

On February 15, 2012, an evidentiary hearing was held at which the Joint Proposal was admitted into evidence. Also, the parties' prefiled testimony and exhibits were admitted for the limited purpose of showing the parties' litigation positions in this proceeding.

A public statement hearing was held on February 16, 2012, at the Southeast Steuben County Library, in Corning. Two people provided comments during the hearing, both criticizing increasing costs for gas delivery in recent years. We also received written comments from four other individuals. These commenters expressed opposition to any delivery rate increase during these difficult economic times. One person objected to allocation of costs for the Bath Reliability Project, stating that customers in the Town of Virgil portion of the service territory are not served by the line being upgraded to serve Bath and should not have to bear the costs of an upgrade outside their service area.

#### THE PARTIES' POSITIONS

All parties in this proceeding support the Joint Proposal, stating that it satisfies the criteria established by our Settlement Guidelines.<sup>2</sup> They assert that the process leading to the Joint Proposal provided sufficient notice so that no interested party was denied an opportunity to participate in the negotiations. The parties' litigation positions have been well articulated in the prefiled testimony and exhibits, the parties contend, and the record provides the rationale for the provisions of the Joint Proposal.

The parties state that the Joint Proposal is the culmination of an arduous and, at times, litigious, process

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<sup>2</sup> Case 90-M-0255, Proceeding on Settlement Procedures and Guidelines, Opinion No. 92-2 (issued March 24, 1992).

wherein the Company and Staff, as well as Multiple Intervenors, Bath, and UIU expended substantial resources carefully examining all of the issues arising in this rate case. These parties are stakeholders with diverse, often adversarial interests. The parties assert this is one indication of the reasonableness of the Joint Proposal.

The Joint Proposal, the parties assert, is consistent with recent Commission precedent approving proposed multi-year rate plans for New York natural gas utilities, including recent rate plans for Niagara Mohawk Power Corporation and Orange and Rockland Utilities, Inc. Because the Joint Proposal's base rate increases are in a range between the Company's and Staff's litigation positions, the parties contend that the Joint Proposal represents a result within the range of reasonableness of a fully litigated case. The parties contend that the 9.50% return on equity (ROE) in the Joint Proposal is comparable with allowed ROEs in recent utility multi-year rate plans. This ROE, the parties state, represents a compromise between the Company's litigation position of 10.90% and Staff's litigation position of 9.20%.

In sum, the parties assert that the issues resolved by the Joint Proposal have been thoroughly negotiated and the proposed resolution is reasonable, cost-justified, and in the public interest.

DISCUSSION OF THE JOINT PROPOSAL<sup>3</sup>

Term

The Joint Proposal's terms provide for a three-year rate plan that becomes effective on May 1, 2012. Rate Year (Rate Year or RY) 1 is the period from May 1, 2012 through April 30, 2013; RY 2 is the period from May 1, 2013 through April 30, 2014; and RY 3 is the period from May 1, 2014 through April 30, 2015.

The Joint Proposal provides that, except where otherwise provided, the terms of the Joint Proposal would remain in effect after April 30, 2015, until superseded by a Commission Order.

Revenue and Bill Impacts

The Joint Proposal contains a rate plan designed to provide an annual revenue increase of \$944,310 starting on May 1, 2012; an additional revenue increase of \$899,674 on May 1, 2013; and an additional revenue increase of \$323,591 on May 1, 2014. Major rate drivers include the Company's investment in infrastructure improvements for system safety and reliability and increases in operation and maintenance expense, depreciation expense and the introduction or enhancement of customer assistance programs.

Over the three years of the Rate Plan, Corning's delivery service rates will generate overall annual revenue increases of 3.96% in RY 1, 3.77% in RY 2 and 1.31% in RY 3. For a typical residential customer, the average monthly bill will increase from a current level of \$97.78 to \$102.24 (4.6%

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<sup>3</sup> In this section of the Order, we discuss salient features of the Joint Proposal; however, we do not reiterate all its terms. The Joint Proposal is attached to and is a part of this Order. In it is the full recitation of the terms, conditions, and provisions we are adopting.



increase) in RY 1, \$106.09 (3.8%) in RY 2, and \$107.45 (1.3%) in RY 3.<sup>4</sup>

In supporting the Joint Proposal, Multiple Intervenors observes that although the terms of the Joint Proposal represent a significant rate increase, for all practical purposes, it does not appear that a material rate increase can be avoided, due to a multitude of factors facing the Company. Multiple Intervenors and UIU, among other parties, state that a significant portion of the rate increase is related to pensions and other post-employment benefits (OPEB), health insurance costs, and customer assistance programs.<sup>5</sup> Multiple Intervenors notes that pension and OPEB expenses increase by \$236,332 in each Rate Year; similarly, the annual expense related to the Low Income Credit Program is \$125,000.<sup>6</sup> Nonetheless, Multiple Intervenors supports the Joint Proposal due to its terms that moderate the rate increases, and because the allocation of revenue and rate design provide an equitable allocation of the revenue requirement, while consolidating the Company's tariffs to bring rates in the Company's service territory into a more equitable alignment.

#### Cost of Capital

The Joint Proposal's revenue requirements are based on an after-tax cost of capital of 7.70% for RY 1, 7.51% for RY 2 and 7.45% for RY 3, with an equity component based upon an ROE

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<sup>4</sup> The typical residential customer uses 894 CCF per year; these monthly dollar amounts are 1/12 of the annual bill. The bill impact projections are based upon an assumed constant commodity price of \$7.00 per 10 CCF. Commodity prices are currently much lower, suggesting that total actual bills will be less than the amounts projected here, if commodity costs remain at current low levels.

<sup>5</sup> Joint Proposal, Articles V.C.5., V.C.12, V.C.15 and Appendix A.

<sup>6</sup> Joint Proposal, Article V.C.15.

of 9.5% and a 48.0% common equity ratio for each year. The parties assert that the terms of the Joint Proposal provide an overall rate of return that is a reasonable outcome given the current interest rate and stock market environments and the added business and financial risks that the Company assumes under a multi-year rate plan. They state that the interest rate environment is at a historic low point, and the generally held market assumption is that capital costs are more likely to rise than fall in the future.

Staff asserts that the 9.50% ROE in this case is 60 basis points above its recommended one-year ROE and 30 basis points above its three-year recommended ROE. Under the terms of the Joint Proposal, Staff explains, the Company is required to raise approximately \$8.9 million in capital during the rate plan, of which \$3.9 million is anticipated to be additional equity and \$5.0 million is debt.

We find that, the additional 30 basis points above its three-year recommended ROE is largely attributable to issuance expenses that Corning will incur associated with the equity issuances.

In our view, the allocation of risk and the ROE reflected in the Joint Proposal's terms represent a reasonable balance of the return requirements of Corning's investors with the economic realities facing its customers. Further, the ROE of 9.50% is comparable to those established in recent Commission decisions, such as the one-year rate plan for Orange and Rockland Utilities, Inc.,<sup>7</sup> where we granted an ROE of 9.2%, and

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<sup>7</sup> Case 10-E-0362, Orange and Rockland Utilities, Inc. - Electric Rates, Order Establishing Rates for Electric Service, (issued June 17, 2011).

the two-year rate plan for Niagara Mohawk Power Corporation,<sup>8</sup> where we granted an ROE of 9.3%.

The Earnings Sharing Mechanism

Under an ESM described in the Joint Proposal, earnings will be determined on an aggregate basis for the period ending April 30, 2015, with the aggregate achieved ROE for the period being the average of the ROEs achieved for each year. If the level of earnings exceeds a common equity return of 10.25%, the ESM provides the Company with the opportunity to retain 50% of earnings up to and including 11.00%, with 50% deferred for the benefit of customers. All earnings exceeding 11.00% up to and including 11.75% will be shared 25% by the Company and 75% for the benefit of customers; earnings above 11.75% will be shared 10% by the Company and 90% for the benefit of customers.

We endorse the parties' conclusion that the earnings sharing provisions are reasonable and are in the public interest. The ESM provides the Company with a strong incentive to minimize costs and improve efficiencies and it allows customers to share in the benefits if the Company succeeds in those efforts.

The Joint Proposal states that, except where otherwise provided, its terms would remain in effect after April 30, 2015, until superseded by a Commission Order. There is some ambiguity as to how this provision impacts the ESM, which as noted above, is calculated on a three-year aggregate basis. Consistent with our general policy of favoring the survivability of such causes, we interpret the ESM as continuing beyond April 30, 2015. We will direct the parties to collaborate concerning the mechanics

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<sup>8</sup> Case 10-E-0050, Niagara Mohawk Power Corporation - Electric Rates, Order Establishing Rates for Electric Service, (issued January 24, 2011).

of applying the ESM to periods after April 30, 2015 and to report to us on the results of their collaboration.

#### Capital Expenditures

The terms of the Joint Proposal adopt, with minor modification, Staff's capital expenditure forecast and establish more rigorous requirements for justifying, estimating and tracking those expenditures.<sup>9</sup> The Joint Proposal details specific capital projects, including the Bath Reliability Project and a new customer accounting system.

The Joint Proposal contains several procedures and true-up mechanisms to enable the Company to better control costs and protect customers against the Company's over-spending or under-spending its capital budget. If the Company expects that the total cost for any capital expenditure project will exceed the amounts identified in Joint Proposal, Appendix H, then, in order for it to execute its planned capital expenditures for that project, the Company must: (1) complete a capital expenditure project justification sheet annually, commencing January 1, 2013;<sup>10</sup> (2) complete a project estimation form annually, commencing June 30, 2013;<sup>11</sup> and (3) bear the carrying costs of the expenditure until rates are reset.<sup>12</sup> Further, the Joint Proposal's terms require the Company to continue its monthly capital budget variance reporting.<sup>13</sup>

The terms also require a one-way downward net plant true-up during the rate plan. Therefore, if the actual net plant in service is under the targeted net plant in service for

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<sup>9</sup> Joint Proposal, Appendix J.

<sup>10</sup> Joint Proposal, Section V.L.3.

<sup>11</sup> Joint Proposal, Section V.L.4.

<sup>12</sup> Joint Proposal, Appendix H.

<sup>13</sup> Joint Proposal, Section V.L.5.

a particular Rate Year, the Company will defer carrying costs and depreciation expense associated with the shortfall for the benefit of customers, with interest at the authorized pre-tax rate of return.<sup>14</sup> There is no corresponding deferral for the benefit of the Company if net plant in service exceeds the targets. Thus, the reconciliation provisions protect customers by ensuring they will neither pay for plant that is not completed nor bear the full burden of capital project cost increases above the targeted levels.

#### Plant in Service

The Joint Proposal's terms reflect plant in service using balances beginning with the actual plant in service on December 31, 2011.<sup>15</sup> The Joint Proposal's rate base results are larger than the rate base identified in the Company's litigation filings.<sup>16</sup> These increases are attributable to the following factors: (1) adjustments for capital expenditures; (2) forecast differences for plant write downs; (3) modifications for depreciation rates; (4) corrections to account for plant write downs recorded by the Company in both the plant in service and depreciation reserve; and (5) the associated deferred State and federal income tax consequences.

#### Bath Reliability Project

We authorized the Bath Reliability Project previously, under separate order, to provide much needed system reliability to the Bath and Hammondsport service areas.<sup>17</sup> The Bath and

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<sup>14</sup> Joint Proposal, Section V.L.2.

<sup>15</sup> Joint Proposal, Appendix H.

<sup>16</sup> Joint Proposal, Appendix A.

<sup>17</sup> Case 08-G-1137, Corning Natural Gas Corporation - Gas Rates, Order Approving New Schedule and Accounting Treatment for Line 15 Upgrades, (Issued April 14, 2011)

Hammondsport areas currently are being served solely by Line 15, an aged infrastructure in need of replacement or repair.

In its litigation position, Bath asserted that it might explore other supply options in lieu of the Line 15 Bath Reliability Project.<sup>18</sup> This posed a substantial risk to Corning's core customers. Should Corning go forward with the Bath Reliability Project, in the event Bath subsequently opted to leave Corning's system, Corning potentially could be left with stranded assets and other system reliability concerns.

Pursuant to terms of the Joint Proposal, on February 1, 2012, Bath and Corning entered into a ten-year service agreement (the service agreement). The service agreement provides that Bath will be assessed an annual reliability charge for a period of ten years. Corning will use the funds to write down the cost of the Reliability Project. Moreover, should Bath opt to cease taking service from Corning during the term of the service agreement, Bath must pay an annual exit fee to Corning in the amount of the reliability charge through the ten-year term of the service agreement.<sup>19</sup> The plan we adopt today is premised upon this ten-year agreement between Bath and Corning.

In support of the Joint Proposal, Bath states that Corning is Bath's sole interconnection to the interstate and intrastate gas pipeline network. With the signing of the service agreement, Bath states it has paid a very steep price for the promise of reliability, and that by giving up other options, it has now "firmly hitched its wagon" to Corning. Bath states it was willing to make this commitment only because the Joint Proposal's terms include mechanisms intended to assure

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<sup>18</sup> Testimony of Mr. Frank Radigan, pp.4 and 13.

<sup>19</sup> Joint Proposal, Section V.L.6.

timely completion of the Reliability Project, such as project milestones, communication protocols, and continued Commission oversight of Corning's capital program. The safety and reliability of that project, Bath asserts, is critically important to the whole community in and around Bath, New York.

We have previously found that the Bath Reliability Project will substantially improve long-term system reliability for the Bath and Hammondsport service areas. The Joint Proposal's terms, coupled with the service agreement, place primary responsibility for costs of the Reliability Project upon Bath and its customers, who will most directly benefit from this project, through an annual reliability charge of \$169,697, to be assessed for a period of ten years. The terms of the Joint Proposal and the service agreement represent important means to ensure that the project will move forward, while protecting Corning's core customers from the risk of responsibility for stranded assets.

#### Tariff Modifications

At present, Corning has three tariffs for its Corning, Hammondsport, and Bath service areas, pursuant to which it serves its customers. At present, similar customers are served under different tariffs depending upon their service areas. The Joint Proposal provides for consolidation of all three tariffs under a new PSC 7 tariff, which would apply to all of Corning's customers.<sup>20</sup> Consolidating the Company's tariffs will improve efficiency by reducing redundancy and unnecessary filings for both Staff and Corning.

#### Revenue Allocation and Rate Design

The Joint Proposal's terms provide for the incremental revenue requirement to be allocated pro rata among all of

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<sup>20</sup> Joint Proposal, Section V.M.

Corning's current service classes.<sup>21</sup> This allows for the consolidation of tariffs, without any unintended rate of return (ROR) consequences. Corning conducted and filed a cost of service (COS) study to support its revenue allocation and rate design proposal. Under current rates, there are discrepancies in RORs among Corning's different Service Classes and service areas. The Company proposed to allocate the revenue requirement to each Service Class proportionally, such that each Service Class from any jurisdiction would yield the same ROR of 8.86%.<sup>22</sup>

Staff proposed to use a revenue allocation factor of 1.0 to allocate the incremental revenue requirement to each Service Class, due to considerations regarding the proposed tariff consolidation. Staff's concern was that correcting for the current RORs prior to consolidating tariffs could have unintended, unfair ROR consequences after tariffs are consolidated.<sup>23</sup> Instead, it suggested that any further adjustments to the Company's RORs could be made in Corning's next rate case filing, supported by a new or updated COS study that would reflect the Joint Proposal's tariff consolidation.

In addition, Staff stated that all incremental revenues should be equitably allocated to all Service Classes based upon their usage or revenues collected. Such usage or revenues would include delivery revenues, changes in the merchant function charge, changes in RDM revenues, and \$97,189 from Hammondsport customers (previously collected through the delivery rate adjustment).

We agree with terms of the Joint Proposal that adopt Staff's proposal to use a revenue allocation factor of 1.0 to

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<sup>21</sup> Joint Proposal, Section V.AA.

<sup>22</sup> Direct Testimony of Normand, pp. 16-18.

<sup>23</sup> Staff Gas Rates Panel, p. 66



allocate the incremental revenue requirement for all of Corning's Service Classes.<sup>24</sup> Such a pro rata allocation allows for the consolidation of tariffs, while avoiding any unintended consequences.

The minimum charges set forth in the Joint Proposal continue the effort to increase minimum charges to better align rates with cost causation. For a typical residential customer, the monthly minimum charge will increase from \$15.25 per month to \$16.75 per month in RY 1; \$18.25 in RY 2; and \$19.75 in RY 3. For small commercial full service and transportation customers the monthly minimum charge will increase from \$15.25 to \$20.25 in RY 1; \$25.25 in RY 2; and \$30.25 in RY 3.

#### Depreciation Expense

The terms of the Joint Proposal provide for the Company's continued use of a 15-year amortization period for overaccrual of depreciation expense. The Joint Proposal also adopts Staff's average of the service lives (ASLs) proposals.<sup>25</sup> In its filing, Corning did not propose any changes to its depreciation rates. However, Staff determined that the Company's "first in, first out" accounting method could understate overall service lives of the plant in three accounts, which in turn could artificially raise Corning's depreciation rates and expenses. To remedy this issue, Staff proposed using the ASLs from a proxy group consisting of major gas companies in New York for those three accounts. We approve of the terms of the Joint Proposal incorporating Staff's proposed use of proxy group ASLs for the three accounts.<sup>26</sup>

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<sup>24</sup> Joint Proposal, Section V.AA.

<sup>25</sup> Joint Proposal, Appendix F.

<sup>26</sup> Gas Rates Panel, p. 24.

Leatherstocking Gas Company

The Joint Proposal separates costs associated with Corning's efforts to establish a natural gas distribution system in areas outside of the Company's service area from the costs associated with its existing distribution system. The out-of-system efforts are conducted by Leatherstocking Gas Company, LLC (Leatherstocking), a joint venture between Mirabito Holdings, Inc. and Corning.

The Joint Proposal reflects an allocation to Leatherstocking of 5% of the salaries of the four officers that are listed as both Corning's and Leatherstocking's employees, and 1.57% of expenses for property taxes (for the portion associated with Corning's offices at 330 West William Street in Corning), transportation, building services office, and outside services. In addition, the Joint Proposal provided that Corning consult with Staff to develop a proposed business code of conduct and affiliate transaction and cost allocation rules, to be submitted by April 13, 2012.

On April 13, 2012, the Company reported that, although Company and Staff engaged in a collaborative effort to develop mutually acceptable standards and were able to reach tentative understandings as to a number of issues, they were unable to achieve an agreement as to all issues under consideration by the April 13 deadline. Consequently, the Company submitted its own version of standards for approval. At the same time, the Company stated its willingness to continue the collaborative effort with Staff, with the Commission's approval. We therefore extend the deadline to allow further negotiations on these standards. Within 30 days of the date of this Order, the parties must file consensus standards, or if the parties do not reach consensus, Staff must file its proposed standards for Commission review, and other interested parties may do so.

### Treatment of Contract Revenues

The Joint Proposal sets annual targets for combined contract revenues from large customers taking service under individually negotiated contracts, dual fuel customers and customers receiving interruptible service. The targets are imputed in revenue for purposes of setting base rates. Beyond the targets, the Joint Proposal establishes a sharing mechanism with 90% of revenues above the targets going to customers and 10% to shareholders.<sup>27</sup> This mechanism will encourage Corning to maximize its revenues from these categories of customers while protecting firm customers against an under-forecasting of these large loads. Moreover, these terms will encourage Corning to competitively price its negotiated contracts.

### Health Insurance

The Joint Proposal's terms provide for a forecasted 6.4% increase in health insurance expense for Rate Year 1, but apply the 2% general inflation factor for Rate Years 2 and 3. This results in an annual reduction in the forecasted increase in health insurance expense, from the Company's originally filed forecast, by \$25,960, \$53,306 and \$83,927, respectively.<sup>28</sup>

We find that the Joint Proposal's terms regarding health insurance expense are reasonable. They are consistent with our policy of keeping health insurance expense within the general inflation pool, but acknowledge as well our policy of allowing cost estimates to be updated, based on known changes, when such updates are material.

### Customer Assistance Programs

The terms of the Joint Proposal would require Corning to file a plan for enhancing the Company's Outreach and

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<sup>27</sup> Joint Proposal, Section V.X.

<sup>28</sup> Joint Proposal, Section V.C.5.

Education Program and to commence a Low Income Credit Program. The outreach and education plan would be filed, for review by the Director of our Office of Consumer Policy within 90 days of the issuance of this order. It would require Corning to describe program goals, identify messages to be disseminated to customers, describe the methods to be used to communicate the messages, and provide detailed budgets and methods for measuring the success of the program.

The new Low Income Program would consist of a \$5 monthly bill credit for all Corning customers who have received a Home Energy Assistance Program (HEAP) grant within the preceding twelve-month period, and will be funded by all rate classes. The parties estimate that approximately 2,100 customers would receive the \$5 per month credit, representing a total cost of approximately \$125,000 a year. Until the new accounting system is implemented, in February of each Rate Year, Corning will apply the annualized amount of the Low Income Credit benefit (i.e., \$60) as a lump sum credit to residential customers who are receiving a HEAP grant at the time or who received a HEAP grant within the preceding 12 months.

Under the Joint Proposal's terms, the Company will install a new customer accounting system. By no later than May 31, 2014, the new system will enable the Company to permit customers to enroll in budget billing at any time of the year. This will help customers stay current with their bills by allowing them to begin budget billing during winter months, when their energy bills are highest. UIU emphasized its support for these provisions.

#### Customer Service Performance Incentive

Corning is currently the only major utility without a Customer Service Performance Incentive mechanism to help ensure and maintain the quality of customer service. The Joint

Proposal would establish such a mechanism. Under the proposal, the Company would incur negative revenue adjustments if the number of its PSC complaints exceeds defined targets. In addition, Corning would be required to establish a Customer Satisfaction Survey to be used in measuring the Company's performance beginning in Rate Year 3.

#### Safety and Reliability Performance

The Joint Proposal would continue many of the mechanisms designed to foster safety and reliability that are incorporated in Corning's current rate plan. Some programs continue without modification. In some cases, these mechanisms are continued with newly defined targets, including the bare steel main replacement program. In addition, the Joint Proposal would establish new safety and reliability programs, including an incentive mechanism aimed specifically at safety requirements that are intended to prevent what Staff considers to be "high risk" situations.

Details of the safety and reliability provisions of the Joint Proposal are as follows:

- Risk Based Assessment: This performance measure is continued from prior cases, but would now require Corning to formalize its replacement program and give priority for replacement to the worst pipeline segments in the system. Although prior cases required Corning to develop a program for ranking pipeline segments that were candidates for replacement, a written program was not required. Corning would be required to develop a written procedure for assessing its bare steel mains and bare steel services and assigning priority rankings to sections of pipe to be replaced under the infrastructure enhancement program. Beginning with 2013 pipe replacements, this written assessment would be used annually in the Company's expenditure budgeting process, so that pipe in the worst

condition and with the highest risk preference is replaced first.

- Leak Backlog: This is a continuation of requirements established in previous cases. Corning would incur a regulatory liability of \$1,250 for each Type 1, 2A, and 2 leak in backlog pending repair exceeding a total of 10 on December 31 of each year, up to a maximum regulatory liability of \$25,000 per year.
- Bare Steel Replacement: This performance measure is a continuation of measures required in previous cases, with slight modifications. In Case 08-G-1137, Corning was required to replace 7 miles and 400 services of bare and ineffectively coated steel mains/services each calendar year. The Joint Proposal would modify these levels by decreasing the average yearly number of services and increasing the average yearly amount of main to be replaced to 350 services and 7.5 miles, respectively. These modifications allow Corning to attempt to replace main and services at the same time and in the same areas, allowing for minimal disruption to the customer while accelerating the replacement of aging main. The Company would incur regulatory liabilities for failure to meet annual and three-year targets for main and service replacement, with a maximum annual liability of \$160,000 and an additional \$160,000 for the overall targets.
- Annual Leakage Survey: This performance measure is a continuation of the annual leakage survey established in previous cases. However, the Joint Proposal clarifies the scope of this survey by clearly stating that the survey should encompass pipe remaining in the Corning inventory that has a "manufacturing defect". The pipe with the manufacturing defect is 1950's vintage pipe that had incomplete/inadequate fusion along the long seam. Corning would be required to continue to perform an annual leakage survey on this 1950s-vintage pipe with manufacturing defects, until such pipe is removed from the system or the Commission determines that such frequency of survey is no longer required.

- Emergency Response: This performance measure continues the levels set forth in previous cases. Corning could incur regulatory liabilities of up to \$35,000 annually if it fails to meet current calendar year statewide emergency response performance levels by responding to 75% of leak and odor calls in 30 minutes, 90% in 45 minutes and 95% in 60 minutes.
- High Risk Safety Requirements: This is a new requirement that seeks to limit the number of violations of the Commission's safety requirements deemed "high risk" by Staff. Compliance with high risk sections of the gas safety regulations is critical to maintaining public safety and system reliability. Therefore, the Joint Proposal identifies certain regulatory requirements that the parties agree to be "high risk." During its regular annual record and field audit of Company compliance with regulatory provisions, Staff will determine the number of high risk non-compliant occurrences during the calendar year. Corning would incur a regulatory liability of one basis point of ROE for the associated calendar year, for each high risk occurrence in excess of ten, with no annual limit on the potential liability. Corning would be provided an opportunity to contest Staff's findings. This provision would remain in effect beyond the term of the Rate Plan until modified by the Commission.

Corning's maximum exposure under these safety and reliability provisions, other than the high risk safety requirements would be \$220,000, with an additional \$160,000 at risk for three-year targets. Its exposure under the high risk provisions would not be capped because of the critical nature of these requirements.

#### Off-System Sales and Capacity Release Revenues

Terms of the Joint Proposal provide for continuation of an 85%/15% sharing between ratepayers and shareholders of

revenues generated from capacity assets managed by the Company. However, the terms provide that the Company would not be allowed to share in revenues generated by its asset manager.<sup>29</sup> This ensures that firm sales customers will have the full benefit of capacity release revenues generated by the asset manager while providing Corning an incentive to pursue additional capacity release opportunities.

#### Local Production Revenue

Corning earns significant additional revenue from local natural gas producers who use the Corning system to deliver gas from their facilities. The Joint Proposal defines how these revenues are to be shared between Corning shareholders and ratepayers. For purposes of this definition, the Joint Proposal divides local production revenues into three categories related to the nature of the contractual arrangements between Corning and the local producer applicable to a specific well or project: access revenues, transportation revenues and reimbursement revenues. Use of these different categories, Corning says, and the treatment of revenues on a project by project basis, facilitates the fair application of the sharing arrangements proposed in the Joint Proposal.

Local production access revenues are defined as those derived from charges to producers for connection to the Corning system, including meter fees. Access charges may have both

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<sup>29</sup> Corning currently contracts with a third party to manage its gas assets, including supply, pipeline capacity and storage. In performing this function, the asset manager generates revenues by releasing capacity to parties who are willing to pay for it when it is not needed to meet the requirements of Corning's system. The terms of the Joint Proposal provide that Corning will not share in the capacity release revenues generated by the asset manager.



fixed and volumetric components. Initially, Corning sought to continue the \$250,000 annual revenue imputation and the 80%/20% customer/shareholder sharing arrangement provided for in its current rate plan. Staff supported an increase in the imputation to \$530,684, based on the Company's own forecast of access revenues. Staff also proposed that the sharing ratio be 80%/20% only until the incremental plant supporting the project producing the revenue stream was fully written down, after which it would shift to 90%/10% in favor of ratepayers.

The Joint Proposal adopts the access revenue imputation proposed by Staff. It also continues the 80%/20% sharing ratio for revenues above and below the imputed target, subject to a sharing mechanism reset discussed below which would shift sharing to a 90%/10% basis when the Company's share of local production revenue reaches \$200,000 in any year.<sup>30</sup>

Local production transportation revenues are derived from projects that require Corning to construct facilities in order to accommodate the transportation volumes expected to be delivered by the producer. These charges, too, typically have both fixed and volumetric components. Under the terms of the Joint Proposal, all fixed charges and 80% of volumetric charges derived from local production transportation would be applied to write down plant investment on an individual well or project basis until that investment is fully recovered. Shareholders would retain the remaining 20% of the volumetric charges. Once the associated plant was fully written down, all revenues would be shared on an 80%/20% basis as they are currently, but would be subject to the sharing reset threshold. In addition, if a well served by Corning's facilities was to cease operation before the Company's investment was fully recovered,

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<sup>30</sup> Joint Proposal, Sections V.U.1 and V.U.2.

shareholders would be required to pay the cost of writing down the plant balance, up to the amount they received through their 20% share of the volumetric charges.

Local production reimbursement revenues result from negotiated contractual arrangements under which a portion of the transportation charges paid by the local producer is retained by Corning to compensate for carrying charges on facilities constructed to serve the producer. Such arrangements are intended to enable Corning to promptly take advantage of new opportunities to connect local production even though the timing would not permit the added plant to be included in rate base within a reasonably short period. Under the Joint Proposal, Corning would be permitted to bill and retain reimbursement revenue for the recovery of carrying costs on investments made on a producer's behalf up to 15% of the total transportation rate charged, both fixed and variable. After the investment is written off, revenues would be shared on an 80%/20% basis, subject to reset.

Finally, the Joint Proposal would establish a trigger for resetting customer/Company sharing of revenues. When Corning's portion of all local production revenues subject to 80%/20% sharing reaches \$200,000 in any year, the sharing ratio for all additional revenues realized in that year would be 90%/10% in favor of ratepayers. Corning notes that it undertook many local production projects under the expectation that it would continue to realize a 20% share of revenues even after the associated plant was written down, but it is willing to accept the compromise reflected by the triggering mechanism in the Joint Proposal in order to achieve an overall settlement. Going forward, Corning adds, the Joint Proposal's provision for reimbursement revenues is critical. Without it, revenues from new projects would leave Corning with only its 20% share to

cover its carrying costs and a return on its investment, providing little incentive to exploit emerging local production opportunities.

Staff also points out that Corning is uniquely located in an area where local production has the potential to provide substantial benefits to its customers, and that the Company has undertaken significant efforts to exploit the opportunities presented. These, Staff says, could generate additional revenue sharing to offset firm customers' bills, lower gas costs generally, and possibly supplant longer haul supplies, creating the potential for increased capacity release credits. Under those circumstances, Staff argues, allowing Corning a greater share of local production revenues is warranted, subject to the limitation on potentially excess earnings provided by the sharing triggering mechanism.

We agree with these arguments. Gas from local production has considerable, as yet untapped, potential to provide very significant benefits to natural gas customers in this state. If Corning is to have an incentive to take advantage of these opportunities on a timely basis when they arise, it needs to be assured that a successful project will generate a reasonable return on its investment. The Joint Proposal provides such assurance, while also ensuring that a substantial share of the long-term benefits of such projects will inure to the benefit of ratepayers.

#### Revenue Decoupling Mechanism

Currently, Corning uses a revenue per rate code approach to calculate revenues for its revenue decoupling mechanism (RDM). However, under the proposed tariff consolidation, the RDM target would be aggregated for all residential customers. The Joint Proposal's terms outline the RDM methodology and reconciliation procedures for Corning

Service Class (SC) 1 and SC 14 customers under tariff consolidation.<sup>31</sup> The terms also specify allowed delivery service revenue targets.<sup>32</sup>

#### Transportation Balancing

Transportation customers are required to periodically balance their scheduled deliveries of gas to the Corning system with their actual gas usage, within defined tolerances. This is necessary because Corning, in turn, must balance scheduled deliveries with actual usage, systemwide, to maintain the integrity of the delivery system.

The Joint Proposal's terms propose changes to those tolerances, transportation balancing tariff provisions, and Company practices, to facilitate imbalance management by customers and the Company. The transportation balancing terms and provisions exemplify the parties' process of negotiation and compromise.

Corning had proposed to narrow the dead band tolerances for daily and monthly balancing customers from the current +/- 10% to +/- 5% and to require the cash-out of all SC 7, transportation customers, month-end imbalances to zero. Staff supported Corning's proposal to cash out all daily balanced customers' month-end imbalances to zero and to narrow the dead band tolerances for those customers, but disagreed with the Company's proposal to narrow the dead band tolerance to +/- 5% for monthly balanced customers.

Multiple Intervenors expressed concern about the ability of daily balanced customers to meet the more stringent balancing threshold proposed by the Company. If the narrower tolerance band was adopted, Multiple Intervenors argued, the

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<sup>31</sup> Joint Proposal, Section V.Q.

<sup>32</sup> Joint Proposal, Appendix Q.

Commission should ensure that Corning had the resources to enhance its communications with customers and customer representatives to enable customers to comply. In supporting the Joint Proposal's transportation balancing provisions, Multiple Intervenors approves of terms that reflect the signatory parties' willingness to develop improvements to Corning's balancing programs, including enhanced communication protocols between Corning and customers and terms that will assist customers in the transition to lower dead band tolerances.

For purposes of this proceeding, Corning accepted Staff's proposed modification to the Company's original proposal concerning tolerance dead bands and cash-out. However, the Company also asserted that additional staffing would be required to implement the new procedures and to improve daily monitoring of transportation accounts. These concerns are addressed by the terms of the Joint Proposal.

The Joint Proposal's terms provide a collaborative process to address timely and accurate metering information; a phased-in reduction of the balancing dead band reduction for daily balanced customers; amnesty from balancing penalties from untimely or inaccurate metering data due to failure of Company equipment; and a "no harm, no foul" rule for daily and end-of-the-month imbalances.<sup>33</sup>

We commend the Joint Proposal's comprehensive terms and conditions addressing the transportation balancing issues. The terms and conditions move Corning's transportation balancing practices toward conformity with other New York gas utilities' practices while reflecting an appropriate compromise of the parties' different positions on the dead band tolerances and

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<sup>33</sup> Joint Proposal, Section V.R.

cash-out. For example, the phase-in of the narrowed dead-band tolerances directly addresses the concerns of Multiple Intervenors about the Company's ability to administer tighter tolerances. By detailing the procedures to be followed in balancing transportation accounts, the Joint Proposal's terms add certainty to the process and reduce the potential for costly misunderstandings or confusion.

The terms of the Joint Proposal regarding transportation balancing will lead to improved system reliability and eliminate pipeline penalties. Further, these provisions also provide an incentive to transportation customers on Corning's system to make more efficient use of the Company's capacity assets, which will benefit all of Corning's customers.

#### New Service for Negotiated Contract Customers

In this case, Staff expressed a concern that Corning was extending new service to negotiated contract customers without a sufficient guarantee of recouping its investment. The terms of the Joint Proposal provide that Corning will revise its tariff to address this concern. Corning will add language to its tariff specifying non-firm customers' obligations to pay for incremental facilities over a reasonable amount of time (or a maximum of five years) and will clearly identify rates to be charged for incremental facilities. In addition, the Joint Proposal's terms clarify that Corning will continue to provide new service for firm customers using the main extension rules in 16 NYCRR Part 230 and will eliminate future subsidies.

#### CONCLUSION

On previous occasions, we have identified the criteria we use to evaluate whether a Joint Proposal is in the public interest. The criteria include consideration of whether a proposal has won the support of ordinarily adversarial parties;

comports with relevant public policies; falls within the likely range of litigated outcomes; fairly balances the relevant interests; provides a rational basis for decision and is supported by an adequate record; and is unopposed by any party. In this case, Staff, Corning, Multiple Intervenors, Bath, and UIU all assert the Joint Proposal fulfills all stated criteria outlined in the Settlement Guidelines.<sup>34</sup>

We acknowledge that the Joint Proposal represents an agreement among, and has been signed by, all parties who participated in this proceeding. We recognize that the Joint Proposal is the result of a lengthy, detailed settlement process, proposing base rate increases that are in a range between the Company's and Staff's litigation positions.

We find that the Joint Proposal is consistent with basic regulatory and constitutional requirements. In addition, we find that the rates, terms and provisions of the Joint Proposal strike a proper balance between the interests of ratepayers, the Company, and its investors.

As we have noted in other recent rate cases, it is difficult to countenance any rate increase during this prolonged period of economic difficulties. Moreover, current economic conditions in Corning's service territories are worse than conditions generally in New York State and the nation. Nonetheless, we find a rate increase to be necessary to provide for capital improvements and maintenance of Corning's system. Necessary capital projects, including the main replacement and service replacement programs and the Bath Reliability Project, are primarily focused on assuring the continued provision of a safe, reliable, and adequate supply of natural gas for ratepayers.

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<sup>34</sup> Id.

We find that the multi-year term of this rate plan is appropriate and offers significant benefits to all stakeholders. For ratepayers, benefits of the Joint Proposal's terms include improved system safety and reliability, as well as the certainty in knowing what their natural gas delivery rates will be for the next three years. For Corning, the three-year rate plan will produce a more predictable revenue stream and the certainty to recover or make investments necessary to assure the continual provision of safe and reliable service. Equally important, the rate plan will allow the Company to direct resources that would otherwise be committed to annual rate cases to focus instead upon operation of the business.

In sum, we approve of the multi-year rate plan and we commend the parties for the benefits that flow from it. Adoption of the terms of the Joint Proposal is reasonable and in the public interest.

The Commission orders:

1. The rates and terms of the Joint Proposal filed in this proceeding on January 13, 2012 and attached hereto as Attachment 1 are adopted and incorporated as part of this order.

2. Corning Natural Gas Corporation is directed to file cancellation supplements, effective on not less than one day's notice, on or before April 30, 2012, cancelling the tariff amendments and supplements listed in Attachment 2 to this order.

3. Corning Natural Gas Corporation is directed to file on not less than one day's notice, to take effect on a temporary basis on May 1, 2012, such further tariff revisions as are necessary to effectuate the provisions adopted by this order.

4. Corning Natural Gas Corporation is also directed to file such further tariff changes as are necessary to effectuate the Rate Year 2 and Rate Year 3 rates provided for in



this order. Such further tariff changes shall be filed on not less than 30 days' notice to be effective on a temporary basis on May 1 of each year.

5. The parties are directed to collaborate on the development of the mechanics for applying the earnings sharing mechanism for periods following the conclusion of the rate plan. Within 30 days of the issuance of this order, the parties shall file a proposed consensus earnings sharing mechanism with the Secretary, or if they do not reach consensus, the parties shall present their differences to the Commission for resolution.

6. Corning Natural Gas Corporation shall contemporaneously serve copies of its compliance filings on all parties in this proceeding. Any comments on each compliance filing must be received within 14 days of the filing and service. The amendments specified in each compliance filing will not become effective on a permanent basis unless and until they are approved by the Commission and will be subject to refund if any showing is made that the revisions are not in compliance.

7. The requirements of Public Service Law §66(12)(b) that newspaper publication be completed before the effective date of the amendments are waived with respect to the Rate Year 1 tariff changes, provided, however, that Corning Natural Gas Corporation shall file with the Commission's Secretary, no later than six weeks following May 1, 2012, proof that a notice to the public of the changes proposed by the amendments and their effective date has been published once a week for four successive weeks in newspapers having general circulation in Corning Natural Gas Corporation's gas service territory. The requirements of Public Service Law §66(12)(b) are not waived with respect to the Rate Year 2 or Rate Year 3 filings or with

respect to tariff filings in compliance with this order made in subsequent years.

8. The Secretary may extend the deadlines set forth in this order.

9. Case 11-G-0280 is continued.

By the Commission,

JACLYN A. BRILLING  
Secretary

Attachments

**STATE OF NEW YORK  
BEFORE THE  
PUBLIC SERVICE COMMISSION**

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Case 11-G-0280 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Corning Natural Gas Corporation for Gas Service

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**GAS RATES JOINT PROPOSAL**

January 13, 2012

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**STATE OF NEW YORK  
BEFORE THE  
PUBLIC SERVICE COMMISSION**

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Case 11-G-0280 – Proceeding on Motion of the Commission as to the Rates, Charges, Rules and Regulations of Corning Natural Gas Corporation for Gas Service

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**GAS RATES JOINT PROPOSAL**

**I. INTRODUCTION**

This Gas Rates Joint Proposal (“Joint Proposal”) is made as of the 13th day of January, 2012, by and among Corning Natural Gas Corporation (“Corning” or the “Company”), the Staff of the Department of Public Service (“Staff”), Bath Electric Gas and Water Systems (“Bath”), Multiple Intervenors (“MI”) and the Utility Intervention Unit, Division of Consumer Protection, of the Department of State (“UIU”) (collectively, the “Signatory Parties”). This Joint Proposal settles all contested issues among the Signatory Parties in the above-captioned case.

**II. PROCEDURAL HISTORY**

On May 24, 2011, Corning filed with the New York State Public Service Commission (the “Commission”) revised tariff leaves as part of a multi-year rate plan (the “Rate Filing”) intended to increase revenues from gas operations by a levelized amount of \$1,680,000 commencing May 1, 2012 and continuing through April 30, 2015 (absent the levelized approach, the required increases for these three years would have been \$2,565,649, \$901,464 and \$583,033, respectively). The Company further proposed a staged increase for the 12-month periods ending April 30, 2016 and April 30, 2017 which would permit recovery of carrying costs on incremental plant additions over the previous year. Alternatively, Corning proposed a construction surcharge mechanism (“CSM”) that would establish a surcharge factor to be applied

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to delivery customers to recover carrying costs on projected infrastructure investments, subject to reconciliation. The “Test Year” supporting Corning’s Rate Filing is the 12-month period ended December 31, 2010.

The Rate Filing was supported by prepared testimony and exhibits constituting Corning’s direct case. Upon receipt of the Rate Filing, the Commission instituted Case 11-G-0280 to consider the Company’s filing. Corning filed updates to the Rate Filing, consisting of additional direct testimony and revisions to certain exhibits, on August 26, 2011. By letter dated September 21, 2011, Corning agreed to extend the suspension period to accommodate the Commission’s April 19, 2012 Session. Staff filed its direct case on September 23, 2011 and amended testimony and exhibits on November 3, 2011. Staff recommended a base delivery rate decrease of \$310,043 in Rate Year 1, a \$639,112 increase in Rate Year 2 and a \$313,672 increase in Rate Year 3 with no additional staged increases or a CSM. The Company filed its rebuttal case on October 17, 2011 reflecting an additional \$950,000 delivery rate increase related to pensions, plant in service and sales forecast changes. Testimony and exhibits were also filed by Bath, MI and UIU on October 17, 2011. On October 31, 2011, Corning filed revisions to a portion of its direct testimony following a Ruling on Motion to Strike Prefiled Testimony issued August 2, 2011 by Presiding Administrative Law Judges (“ALJs”) Kevin J. Casutto and David L. Prestemon. The revisions removed portions of the testimony regarding the transfer of Lines 2, 3 and 6, the establishment of a holding company and issues pertaining to the Virgil Franchise expansion other than ratemaking impacts of projecting expenditures for such expansion.

By letter dated October 18, 2011, Corning provided notice of impending settlement negotiations to the Secretary of the Commission, the ALJs and the Signatory Parties. Pursuant to that notice, settlement negotiations were conducted at the Commission’s offices in Albany on

## CASE 11-G-0280 – Joint Proposal

October 24, 25, 26 and 27, and November 7, 8 and 9, 2011. During the same time frame, technical conferences among the parties on various issues were held by telephone conference calls. Documents reflecting the Signatory Parties' agreements in principle including details of various issues were exchanged following the conclusion of negotiations and were discussed in telephone conference calls or meetings on December 15, 19, 21, 23, and 28, 2011 and January 4, 5, 9, 10, and 12 2012. The Signatory Parties also acknowledged that Corning would file by January 10, 2012 an additional update regarding actual capital plant in service as of December 31, 2011 which is reflected in this Joint Proposal. This Joint Proposal is the product of the foregoing negotiations and exchanges of documents.

**III. TERM AND EFFECTIVE DATE OF RATE CHANGES**

The term of this Joint Proposal is three years, commencing May 1, 2012 and continuing through April 30, 2015 (the "Rate Period or Rate Plan"). For purposes of this Joint Proposal, Rate Year 1 means May 1, 2012 through April 30, 2013, Rate Year 2 means May 1, 2013 through April 30, 2014 and Rate Year 3 means May 1, 2014 through April 30, 2015. Except as otherwise specified herein, all provisions of this Joint Proposal remain in effect until superseding rates become effective, or until such provisions are modified by the Commission.

**IV. DEFINITIONS**

1. "Gas Delivery Service Rates" means Corning's approved rates and charges for all services associated with moving gas across its distribution system regardless of the supplier of the commodity from which the customer purchases its gas supply.

2. "Base Period" or "Test Year" means the twelve months ended December 31, 2010.

## CASE 11-G-0280 – Joint Proposal

3. “2009 Rate Order” means, collectively, the *Order to Show Cause Regarding Revenue Requirement and Rate Design and Further Suspending Rate Filing*, issued July 17, 2009, and the *Order Establishing Rate Plan*, issued August 20, 2009 in Case 08-G-1137.

4. “Regulatory Liability” means an amount to be used for the benefit of customers resulting from Corning’s failure to achieve a pre-defined goal or standard.

5. “Line 15 Systematic Replacement Program” means the annual systematic replacement of Line 15, consisting of approximately one mile of Line 15 in 2012 and one mile each year from 2014 until all pipe along the entire pipeline that requires replacement has been replaced.

6. “Reliability Project” means the following projects or a combination thereof: the Inergy Interconnection Project and the replacement of Line 15 from the Murray Avenue Station to the Inergy Interconnection site (which would connect Line 15 to the Inergy-owned Thomas Corners Storage Facility and is currently scheduled to be completed by November 1, 2013), or an alternative such as the Savona Project (which would consist of a pipeline extension from Corning’s existing facilities in the Town of Savona to Bath’s facilities in the Village of Bath).

## **V. RATE PLAN**

### **A. Summary of the Overall Revenue Requirement**

The Signatory Parties agree upon expense and revenue adjustments to the Rate Filing to be allowed as the basis for calculating revenue requirement, the result of which is set forth in Appendix A attached hereto and made a part of this Joint Proposal. The Signatory Parties agree upon a calculation of revenue requirement to be allowed as the basis for setting rates, which is set forth in Appendix A. The calculation of revenue requirement yields an increase in gas delivery service revenue of \$944,310 for Rate Year 1, \$899,674 for Rate Year 2, and \$323,591 for Rate Year 3.

## CASE 11-G-0280 – Joint Proposal

## B. Estimated Sales and Revenues

## 1. Sales Forecast

The Signatory Parties agree that Appendix B reflects the overall sales forecasts associated with the revenue forecasts that underlie this Joint Proposal.

## 2. Negotiated Contract Forecast

The Signatory Parties agree to use the results of the twelve months ending June 30, 2011 as shown in Appendix B for negotiated contract customers 1 – 6, New York State Electric & Gas Corporation (“NYSEG”) and Stand Energy Corporation (“Stand”) for Rate Years 1, 2, and 3.

The Signatory Parties acknowledge that Corning has entered into a new negotiated contract as of December 15, 2011, contract number 7 as shown in Appendix B, and agree to reflect the Company’s forecast in Rate Years 1, 2, and 3.

## 3. Local Production Forecast

The Signatory Parties agree to use a local production transportation forecast of 42,000 mcf per day for setting the local production revenue imputation.

## 4. Revenues for Each Rate Year at Current Rates

The Signatory Parties agree to the delivery revenues shown in Appendix C for Rate Years 1, 2 and 3 which summarizes and compares the Company’s proposed total delivery revenues and other revenues to the agreed upon amount. The delivery revenue price outs are detailed in Appendix D.

## 5. Rate Year 1 Revenue at Current Rates

The Signatory Parties agree on the Rate Year 1 revenues price-out of \$13,249,009, the components of which are detailed in Appendix C.

6. Rate Year 2 Revenue at Rate Year 1 Rates

The Signatory Parties agree on the Rate Year 2 revenues price-out of \$13,277,759, the components of which are detailed in Appendix C.

7. Rate Year 3 Revenue at Rate Year 2 Rates

The Signatory Parties agree on the Rate Year 3 revenues price-out of \$14,090,688, the components of which are detailed in Appendix C.

8. Other Revenues

The Signatory Parties agree that the reconnect fees and surcharge revenues are \$4,313 and \$13,807, respectively, for each Rate Year.

C. Operation and Maintenance Expenses

1. Leatherstocking Gas Company, LLC

The Signatory Parties agree that the Company will submit to the Signatory Parties a methodology for allocating expenses, a business code of conduct and affiliate transaction rules associated with Leatherstocking Gas Company, LLC (“LGC”) and any other affiliates by March 1, 2012. The Signatory Parties further agree to collaborate on such provisions until March 30, 2012. If an agreement is reached, it will be filed with the Commission for its consideration by April 13, 2012. If no agreement is reached, then Corning will file its request for Commission approval of such provisions by April 13, 2012. For purposes of this Rate Plan, the Signatory Parties also agree to apply an expense allocation of 5% to LGC for salaries of the four officers that are listed as both Corning and LGC employees (*i.e.*, Salary 6, Salary 8, Salary 10 and Salary 13), and an expense allocation of 1.57% of Property Taxes (only the portion associated with the 330 West William Street address), Transportation, Building Services Office, and Outside Services. For purposes of this Rate Plan the Signatory Parties further agree that the allocation of

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the expenses imputed in rates is separate and distinct from any future allocations agreed to by the Signatory Parties and adopted by the Commission.

2. Inflation

The Signatory Parties agree to use a 2.0% factor for inflation for all three Rate Years.

3. Labor Expense

The Signatory Parties agree on certain payroll adjustments, including a wage increase allowance of 2.0% per year, an LGC allocation and five additional employees, one of whom is a Gas Supply Specialist, the expense of which is subject to a one-way true-up limited to \$35,851, \$36,568 and \$37,299 in Rate Year 1, Rate Year 2 and Rate Year 3, respectively. The 2.0% wage increase allowance decreases the Company's projected labor expense by \$70,536 in Rate Year 1, \$103,807 in Rate Year 2, and \$138,901 in Rate Year 3. The 5% LGC allocation, relating to the four employees defined as Salary 6, Salary 8, Salary 10 and Salary 13, results in a decrease in labor expense by \$26,296 in Rate Year 1, \$26,822 in Rate Year 2, and \$27,359 in Rate Year 3. These adjustments result in a net decrease in the Company's labor expense by \$96,832 in Rate Year 1, \$130,630 in Rate Year 2 and \$166,260 in Rate Year 3.

4. Property Tax

The Signatory Parties agree that the Company's filed property tax expense shall be reduced to reflect the application of New York State's recently enacted property tax annual increase limit of 2%, with any increase above, or decrease below, that level to be reconciled and borne 95% by customers and 5% by shareholders, with the shareholder share limited to an amount equal to 5 basis points of Return on Equity ("ROE"). Any increase above, or decrease below, the level at which the 5 basis points limit takes effect shall be deferred for, respectively, recovery from, or credit to, customers. Property taxes will be reconciled annually. Within 120 days of the end of each Rate Year, the Company will file a letter with the Secretary of the

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Commission showing the reconciliation calculation and will include in that filing all supporting workpapers for the calculation. The Company will also allocate 1.57% of the Property Tax associated with 330 West William Street to LGC. The adjustment for the Rate Period is a decrease in Property Tax of \$1,257 in Rate Year 1, \$1,282 in Rate Year 2 and \$1,333 in Rate Year 3.

5. Health Insurance

The Signatory Parties agree to reduce the Company's filed total insurance expense for Rate Years 1, 2 and 3 by \$25,960, \$53,306 and \$83,927, respectively, to reflect the calculation of health insurance expense as follows: (a) update Base Period for the actual increase in 2011 (3.4%) and the actual 2012 increase (6.4%) and (b) use general inflation rate to escalate expense for the remaining portion of the Rate Period following December 31, 2012.

6. Outside Services

The Signatory Parties agree to reduce the Company's filed Base Period Outside Services expense to remove costs of currently pending litigation brought by former officers and directors. Corning shall be permitted to recover \$60,000 in maintenance expense associated with the Company's proposed customer accounting system (*see* Section V.T. below). As with other costs associated with the new system, such recovery of Outside Services costs shall be subject to a one-way true-up limited to \$60,000. If the Company under-spends on such maintenance expense, the difference will be deferred for customer benefit. As discussed previously, Outside Services is adjusted by 1.57% for the LGC allocation, resulting in a decrease of \$4,295 in Rate Year 1, \$4,380 in Rate Year 2, and \$4,468 in Rate Year 3.

7. Uncollectible Expense

The Signatory Parties agree to decrease the Company's filed uncollectible expense of \$890,635 by \$600,000 to reflect the removal of the Company's forecasted impact of the potential



reduction to the federal Home Energy Assistance Program (“HEAP”) funding and by \$113,481 to remove commodity uncollectible expense recovered through the Gas Adjustment Clause (“GAC”). The Signatory Parties further agree that in the event of a change to federal law effecting a loss of HEAP funding to Corning’s customers, whereby Corning opts to file a deferral accounting petition on the uncollectibles associated with the loss of HEAP funding during the Rate Plan, for purposes of the Commission’s three-part test for examining deferral accounting petitions, Staff would support and the other Signatory Parties would not oppose the characterization of the HEAP uncollectible losses as unforeseeable/extraordinary. However, the other two parts of the Commission’s test, materiality and incrementality, are not covered by the Joint Proposal and there is no obligation on Staff to support the characterization of HEAP uncollectible losses as such. Moreover, the Joint Proposal does not supersede the Commission’s judgement on any part of its deferral accounting petition test. Finally, any agreement on federal HEAP funding subject to a deferral petition is superseded by any generic Commission proceeding on HEAP uncollectible losses during the term of the Rate Plan.

#### 8. Transportation Expense

The Signatory Parties agree to reduce the Company’s filed Transportation expense by removing the Company’s expense attributable to the loss on the sale of vehicles and applying the 1.57% LGC allocation. As discussed previously, Transportation expense is subject to the 1.57% LGC allocation, resulting in a decrease of \$3,744 in Rate Year 1, \$3,804 in Rate Year 2, and \$3,864 in Rate Year 3. These adjustments result in a net decrease in the Company Transportation expense by \$15,893 in Rate Year 1, \$16,408 in Rate Year 2 and \$17,110 in Rate Year 3.

#### 9. Other O&M

The Signatory Parties agree to reduce the Company's filed other operation and maintenance ("O&M") expense by reducing the Company's dues and removing expenses associated with cost of currently pending litigation brought by former officers and directors. Adjustments to the Company's dues results in a decrease of \$4,967 in Rate Year 1, \$5,067 in Rate Year 2, and \$5,168 in Rate Year 3. Removal of the cost associated with pending litigation results in a decrease of \$922 in Rate Year 1, \$940 in Rate Year 2 and \$954 in Rate Year 3.

#### 10. Productivity Adjustment

The Signatory Parties agree that a 1.0% productivity adjustment shall be applied and that such productivity adjustment should include updated estimates of payroll, payroll taxes, pensions and other post retirement benefits ("OPEBs"), and insurance expense. Corning will reflect a productivity adjustment for each Rate Year, as shown in Appendix A.

#### 11. Merchant Function Charge

The Signatory Parties agree that the Merchant Function Charge ("MFC") established in the 2009 Rate Order will be continued and will be applicable to Service Classifications ("SCs") under the new consolidated tariffs and specifically to the customers within the successor SCs: Corning SC 1, Corning SC 2, Corning SC 5, Bath SC 1, Hammondsport SC 1, and Hammondsport SC 2. Appendix E details the four components of the MFC: commodity uncollectibles, supply procurement, records and collections and return on gas in storage. Further detail regarding the calculation of the MFC, including proration and synchronization to the Rate Years, is contained in Appendix E.

The commodity uncollectible expense rate associated with gas costs will be determined by multiplying the fixed uncollectible rate of 1.10% by the estimated annual cost of gas. The

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commodity uncollectible expense component of the MFC will be reconciled on a Rate Year basis, but the uncollectible rate itself will not change.

The MFC rate reflects the recovery of \$80,309 for gas supply procurement. On a Rate Year basis, the Company will reconcile this cost for differences between actual and forecast throughput, but there will be no adjustment to the target of \$80,309.

The MFC rate also reflects the recovery of \$184,231 for gas records and collections. Also on a Rate Year basis, the Company will reconcile this cost for differences between actual and forecast throughput, but there will be no adjustment to the target of \$184,231.

The Signatory Parties agree to include in the MFC the projected monthly quantities and prices of the Company's balances of gas in storage on a Rate Year basis. On a Rate Year basis, the Company will true-up its carrying costs on the cost of gas in storage for the changes in the cost of gas and the differences between actual and forecast throughput. The difference between the actual average inventory balance and the projected balance will be multiplied by the effective other customer capital rate to determine the variance in carrying costs associated with changes in the cost of gas. This variance will be combined with any over/under collection of carrying costs associated with differences between actual and forecast sales to arrive at the total true-up amount for the Rate Year.

The return on the cost of gas in storage inventory component of the MFC will be reset each Rate Year and each 12-month period thereafter by first calculating the projected average balance of storage inventory. The resulting projected average inventory cost will be multiplied by the effective other customer capital rate and finally divided by projected throughput for MFC applicable SCs purchasing commodity from the Company for the next 12-month period following the Rate Year to arrive at a per unit rate.

The Signatory Parties acknowledge that most of the storage asset is used to serve firm sales customers, but a portion of the asset is used to balance the system, benefiting all customers. The Signatory Parties agree that 80% of the storage inventory component should be charged to firm sales customers and 20% to all customers. The Signatory Parties agree that the 80% storage inventory component will be charged via the MFC and reconciled annually in conjunction with the other MFC components discussed above. The 20% storage inventory component will be charged via the Delivery Rate Adjustment (“DRA”) and reconciled via the annual DRA reconciliation.

The MFC components will be reconciled on a Rate Year basis. The Company will file its annual MFC reconciliation on June 15<sup>th</sup> following the close of each Rate Year and each 12-month period thereafter, and the new rate will go into effect on September 1<sup>st</sup>.

#### 12. Pension Costs

The Signatory Parties agree to increase pension and OPEBs expense of \$236,332 in each Rate Year, to reflect latest pension actuarial estimates that consider current market conditions, as detailed in Appendix A.

#### 13. Amortization of Regulatory Liabilities

The Signatory Parties agree that Corning shall amortize the total Regulatory Liability established by the Commission in Case 08-G-1137 (*Order Modifying the Regulatory Matrix and Establishing Liability* issued May 19, 2011) in the amount of \$65,500 over seven years, resulting in a regulatory expense of \$9,357 to be deferred for customer credit in each Rate Year.

#### 14. Outreach and Education Program

The Signatory Parties agree that the budget for Corning’s Outreach and Education (“O&E”) Program shall be \$17,000 in each of the three Rate Years.

15. Low Income Credit Program

The Signatory Parties agree that the annual cost of the Low Income Credit Program in each of the three Rate Years, shall be \$125,000. To the extent that, due to varying enrollment levels or other factors, the foregoing amount is greater than or less than the amount necessary to fund the actual expenditures under the Low Income Credit Program, Corning shall reconcile the projected and actual amounts and defer this balance subject to Commission approval. Within 120 days of the end of each Rate Year, the Company will file a letter with the Secretary of the Commission showing the reconciliation calculation and will include in that filing all supporting workpapers.

16. Customer Service Performance Incentive

The Signatory Parties agree that the costs pertaining to the Customer Service Performance Incentive (“CSPI”) program (*see* Section V.K., below) to be included in the revenue requirement shall be as follows: Rate Year 1 - \$15,000 for development and administration of the Customer Satisfaction Survey (“CSS”); Rate Years 2 and 3 - \$10,000 for administration of the CSS.

17. Depreciation Expense

The Signatory Parties agree that the current 15-year amortization period for over-accrual of depreciation expense shall be continued through the Rate Period and thereafter until changed by the Commission. The Signatory Parties further agree that, for purposes of computing depreciation expense, the Average Service Lives (“ASLs”) for account numbers 367, 376 and 380 shall be 66 years, 66 years and 52 years, respectively. Appendix F shows the Company’s ASLs, h-curves and Net Salvage rates by account. The depreciation rates will be effective through the Rate Period and thereafter until changed by the Commission.

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The Signatory Parties agree that the total depreciation expense for Rate Years 1, 2, and 3 is \$1,065,871, \$1,239,069, and \$1,352,034, respectively as shown in Appendix G.

18. Income Taxes

a. State Income Taxes

The Signatory Parties agree that the State Income Tax impacts of the agreed upon expense adjustments contained in the Joint Proposal are as detailed in Appendix A.

b. Federal Income Taxes

The Signatory Parties agree that the Federal Income Tax impacts of the agreed upon expense adjustments contained in the Joint Proposal are as detailed in Appendix A.

D. Rate Base

1. Plant in Service

The Signatory Parties agree that plant in service is developed by beginning with actual plant in service balance as of December 31, 2011, provided by the Company on January 10, 2012, as shown in Appendix H. Staff reserves the right to provide revisions to the Company's December 31, 2011 update, on notice to the Signatory Parties, through January 26, 2012. The plant in service balances for each Rate Year is shown in Appendix H. The Signatory Parties agree that for the period January 1, 2010 to September 30, 2010, the Company booked \$354,723 in Plant in Service for plant write downs associated with the Root Pipeline (Line 13)/Compressor Project and Virgil Franchise project.

2. Depreciation Reserve

The Signatory Parties agree that depreciation reserve is developed by beginning with the actual reserve balance as of December 31, 2011, provided by the Company on January 10, 2012, and includes plant write downs of \$867,723 associated with the Root Pipeline (Line

13)/Compressor Project and Virgil Franchise project from October 1, 2010 to December 31, 2011.

3. Non-Interest Bearing Construction Work In Progress

The Signatory Parties agree to a non-interest bearing construction work in progress (“CWIP”) balance held constant at \$0 to forecast plant in service for the Rate Period at the actual CWIP balance as of December 31, 2011.

4. Line 13 Plant Adjustment

In Case 08-G-1137, a contribution in aid of construction (“CIAC”) was booked to plant Account 376 for the Root Pipeline (Line 13). The Signatory parties agree to a rate base reduction of \$620,330 to reflect the Line 13 CIAC in rate base.

5. Service Extension Adjustment

The Signatory Parties agree to decrease the plant in service balance by \$29,786. The Company will develop by September 1, 2012 updated procedures consistent with 16 NYCRR Part 230 for main and service extensions.

6. Cash Working Capital

The Signatory Parties agree that the cash working capital allowance in rate base must be adjusted to reflect agreed upon adjustments to O&M expense and that the appropriate calculation of cash working capital is shown in Appendix A.

7. Deferred Taxes

a. State Income Taxes

The Signatory Parties agree that the deferred State Income Tax amount is adjusted to reflect the impact of the rate base adjustments agreed upon in the Joint Proposal, as shown in Appendix A.

b. Federal Income Taxes

The Signatory Parties agree that the deferred Federal Income Tax amount is adjusted to reflect the impact of the rate base adjustments agreed upon in the Joint Proposal, as shown in Appendix A.

8. Earnings Base/Capitalization

The Signatory Parties agree that the appropriate Earnings Base/Capitalization adjustment is shown in Appendix A.

E. Cost of Money

1. Return on Equity

The Signatory Parties agree that the cost of capital for Corning during the Rate Period under the Joint Proposal shall be based on a capital structure of 48% equity as shown in Appendix I. Corning's allowed ROE shall be 9.50%, which includes a 30 basis point premium for staying out for three years.

2. Earnings Sharing Mechanism

The Signatory Parties agree that Corning shall continue to be subject to an Earnings Sharing Mechanism ("ESM"), but with the following modifications to the sharing thresholds and bands: (a) the Company will be permitted to retain all earnings up to and including a ROE of 10.25%, (b) the next 75 basis points of earnings (*i.e.*, earnings in excess of 10.25% and up to and including 11.00%) shall be shared by allocating 50% to customers and 50% to Corning, (c) the next 75 basis points of earnings (*i.e.*, earnings in excess of 11.00% and up to and including 11.75%) shall be shared by allocating 75% to customers and 25% to Corning, and (d) earnings in excess of that level (*i.e.*, earnings above 11.75%) shall be shared by allocating 90% to customers and 10% to the Company. For purposes of the ESM, Corning shall file, no later than 120 days following the end of each Rate Year a computation, together with supporting work papers, of the



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Company's ROE, using the average debt and common equity capitalization reflected on the Company's books during the applicable period. The ROE calculation shall be based on traditional ratemaking practices and methodologies applicable to Corning and shall include revenues, expenses, capital structure and rate base. The average earned ROE shall be calculated from Corning's books of account for the applicable Rate Year, but the earnings calculation shall exclude the shareholders' portion of any Lost and Unaccounted for ("LAUF") incentives, the shareholders' portion of revenues from local production gas, gas safety and reliability incentives and Regulatory Matrix-based liabilities. The earnings computations shall reflect the lesser of (a) an equity ratio of 48.00% or (b) the Company's actual average common equity ratio. The actual average common equity ratio shall exclude all components related to "other comprehensive income" that may be required by generally accepted accounting principles; such charges are recognized for financial accounting reporting purposes, but are not recognized or realized for ratemaking purposes. In the event that Corning's average earned ROE in any of the three Rate Years included in the Rate Period exceed an earnings threshold of 10.25%, the amount in excess of 10.25% shall be deemed shared earnings; provided, however, that, if the average earned ROE is less than the 10.25% earnings threshold in any Rate Year included in the Rate Period, any such shortfall shall be deducted from the shared earnings earned by the Company in any of the other Rate Years included in the Rate Period. Amounts allocated to customers under the ESM shall be deferred on Corning's books for future disposition by the Commission. The shared earnings deferred for the benefit of customers shall accrue carrying charges at the Company's authorized pre-tax rate of return.

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## F. Generic Policy Case Actions

The Signatory Parties agree that, to the extent that mandatory changes not specifically addressed herein due to generic policy decisions of the Commission become effective during the Rate Period covered by the Joint Proposal, the revenue requirement impacts of revenues, expenses and rate base (including income or other federal or State tax expense) for each specific change will be quantified separately and, to the extent that each separate item increases or decreases the utility cost of service by an amount greater than 5% of gas pre-tax utility income annually, it shall be deferred, with interest accruing at the unadjusted customer deposit rate, for refund to or recovery from customers in a manner to be determined by the Commission. The same treatment shall be afforded any externally imposed accounting change; any change in federal, state or local rates, regulation, or precedent governing income, revenue sales or franchise taxes; or any legislative, court, or regulatory change, which imposes or modifies existing obligations or duties (including changes adopted by Corning consistent with generic policy decisions by the Commission, whether mandatory or not). In the event that these changes occur, Corning shall file a letter with the Secretary of the Commission setting forth the rationale for the deferral and its calculation. Consistent with the foregoing, the Signatory Parties recognize that generic policy decisions of the Commission will be applicable to Corning according to their terms unless stayed by the Commission or a court or provided otherwise by the Commission during the Rate Period.

## G. Gas Safety - Regulatory Goals

## 1. Risk-Based Assessment

The Signatory Parties agree that Corning shall develop a written procedure within 60 days of the Commission's adoption of this Joint Proposal to be used annually in the Company's capital expenditure budgeting process (starting with the 2013 pipe replacements) for assessing its

bare steel mains and bare steel services and assigning a priority ranking to sections of pipe to be replaced under the Company's infrastructure enhancement program, so that pipe in the worst condition and with the highest risk has preference over other leak-prone pipe. The procedure shall be sufficiently clear that individuals with similar knowledge, skills and abilities will be able to duplicate the results of the procedure. The results of the procedure shall be made available for inspection by Staff upon request.

## 2. Leak Backlog

The Signatory Parties agree that Corning will be assessed a Regulatory Liability of \$1,250 for each Type 1, 2A and 2 leak in backlog pending repair that exceeds 10 on December 31, up to a maximum Regulatory Liability in a calendar year of \$25,000 (reached at the level of 30 or more Type 1, 2A and 2 leaks in backlog pending repair). This leak backlog provision will commence in calendar year 2012. The calendar year leak backlog provision of \$1,250 for each Type 1, 2A and 2 leak in backlog pending repair that exceeds 10 on December 31, up to a maximum Regulatory Liability in a calendar year of \$25,000 set forth in the Joint Proposal will continue for subsequent calendar years unless modified by the Commission.

## 3. Bare Steel Main Replacement

The Signatory Parties agree that if Corning fails to replace at least 31,680 feet of leak-prone pipe in each of the calendar years 2012, 2013, and 2014, respectively, then Corning shall charge to income and defer, for future disposition as determined by the Commission, the amounts set forth below at the end of the applicable calendar year. If Corning fails to replace a total of 118,800 feet of leak-prone main over calendar years 2012, 2013, and 2014, then Corning shall charge to income and defer, for future disposition as determined by the Commission, the amounts set forth below at the end of calendar year 2014.

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- If the Company replaces less than 31,680 feet in calendar year 2012, the Company will incur a Regulatory Liability of \$25 per foot for each foot not replaced below 31,680 feet, up to a maximum of \$60,000.
- If the Company replaces less than 31,680 feet in calendar year 2013, the Company will incur a Regulatory Liability of \$25 per foot for each foot not replaced below 31,680 feet, up to a maximum of \$60,000.
- If the Company replaces less than 31,680 feet in calendar year 2014, the Company will incur a Regulatory Liability of \$25 per foot for each foot not replaced below 31,680 feet, up to a maximum of \$60,000.
- If the Company replaces less than a cumulative 118,800 feet in calendar years 2012, 2013 and 2014, the Company will incur a Regulatory Liability of \$25 per foot for each foot not replaced below 118,800 feet, up to a maximum of \$60,000.

The carrying charge impact of such shortfalls from the aforementioned targets will be addressed as part of the net plant true-up, as described in Section V.L.2., below.

At the end of calendar year 2014, the calendar year target of 31,680 feet per year and the incentive of \$25 per foot for each foot not replaced below 31,680 feet, as set forth in the Joint Proposal, will continue for subsequent calendar years unless modified by the Commission.

#### 4. Bare Steel Services Replacement

The Signatory Parties agree that, if Corning fails to replace at least 300 leak-prone services in each of the calendar years 2012, 2013, and 2014, respectively, then Corning shall charge to income and defer, for future disposition as determined by the Commission, the amounts set forth below for the applicable calendar year. If Corning fails to replace a total of 1,050 leak-prone services over calendar years 2012, 2013, and 2014, then Corning shall charge

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to income and defer, for future disposition as determined by the Commission, the amounts set forth below at the end of calendar year 2014.

- If the Company replaces less than 300 services in calendar year 2012, the Company will incur a Regulatory Liability of \$1,000 per service for each service not replaced below 300, up to a maximum of \$100,000.
- If the Company replaces less than 300 services in calendar year 2013, the Company will incur a Regulatory Liability of \$1,000 per service for each service not replaced below 300, up to a maximum of \$100,000.
- If the Company replaces less than 300 services in calendar year 2014, the Company will incur a Regulatory Liability of \$1,000 per service for each service not replaced below 300, up to a maximum of \$100,000.
- If the Company replaces less than a cumulative 1,050 services in calendar years 2012, 2013 and 2014, the Company will incur a Regulatory Liability of \$1,000 per service for each service not replaced below 1,050, up to a maximum of \$100,000.

The carrying charge impact of such shortfalls from the aforementioned targets will be addressed as part of the net plant true-up, as described in Section V.L.2., below.

At the end of calendar year 2014, the calendar year target of 300 services and the incentive of \$1,000 per service for each service not replaced below 300, consistent with this Joint Proposal, will continue for subsequent calendar years unless modified by the Commission.

#### 5. Annual Leakage Survey

The Signatory Parties agree that Corning will continue to perform an annual leakage survey on the Company's 1950s vintage pipe with a manufacturing defect until such pipe is

removed from the system or the Commission determines that such frequency of survey is no longer required. Corning shall complete its annual leakage survey no later than November 15 of each calendar year, and file a report with a complete analysis to the Commission no later than December 1 each calendar year. The analysis shall contain all findings regarding the leak survey, recommendations and procedures the Company will implement to address conditions that differ from historical trends. The remaining steel and plastic portions of the Company's system that do not have the manufacturing defect shall remain on the normal inspection cycle specified in the Commission's gas safety regulations.

#### 6. Emergency Response

The Signatory Parties agree that a Regulatory Liability will be incurred for Corning's failure to meet the current calendar year statewide emergency response performance levels of responding to 75% of leak and odor calls in 30 minutes, 90% of leak and odor calls in 45 minutes and 95% of leak and odor calls in 60 minutes. Failure to meet the 75% in 30 minutes will result in a Regulatory Liability of \$20,000. Failure to meet the 90% in 45 minutes will result in a Regulatory Liability of \$10,000. Failure to meet the 95% in 60 minutes will result in a Regulatory Liability of \$5,000. The foregoing emergency response calendar year targets and associated calendar year Regulatory Liabilities shall remain in effect until changed by the Commission.

#### 7. High Risk Safety Requirements

Each calendar year Staff performs a record and field audit to determine whether Corning is in compliance with the provisions of 16 NYCRR Parts 255 and 261. Areas subject to audit include those tasks deemed low, medium and high risk. This measure focuses on those code sections considered high risk. The Signatory Parties agree that the following regulations are deemed to be high risk for purposes of the Joint Proposal: 16 NYCRR §§ 255.465(a),

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255.483(d), 255.603(d), 255.615, 255.705, 255.706, 255.723(a), 255.723(b)(1), 255.723(b)(2), 255.723(b)(3), 255.739(b), 255.743(a), 255.745, 255.756, 255.757, 255.809(b), 255.811(d), 255.813(c), 255.813(d), 255.819(a), 261.53, 261.55 and 261.57. Each audit concludes with a letter from Staff, sent to Corning and filed with the Secretary of the Commission listing occurrences of noncompliance with pertinent code sections.

The Signatory Parties agree that Corning will not face a Regulatory Liability unless Staff identifies greater than 10 high risk occurrences in a calendar year. For each identified occurrence greater than 10, Corning will incur a Regulatory Liability equal to one pre-tax Basis Point of ROE, with no limit. For an occurrence to qualify under this performance measure, it would need to be noncompliant with one of the high risk regulations enumerated above and supported by evidence which should include items such as Company records that show compliance with high risk sections was not attained and/or portions of the Company's O&M manual that detail how the Company has committed to comply with the high risk section(s) cited by Staff in identifying noncompliance. Failure to provide required records to Staff prior to the issuance of the audit letter identifying the occurrence shall qualify as evidence of a violation.

The Signatory Parties agree that Corning will be given an opportunity to contest Staff's findings through compliance meetings and in written response(s) to Staff's audit letters, which shall be filed with the Secretary of the Commission. If Corning receives a fine from the Commission under Public Service Law ("PSL") Section 25 for a violation of 16 NYCRR Parts 255 or 261 in a separate proceeding, that occurrence shall not count under this performance measure. The Signatory Parties agree that this calendar year high risk safety requirement provision shall remain in effect until changed by the Commission.

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## H. Outreach and Education Program

The Signatory Parties agree that, within 90 days of a Commission Order approving this Joint Proposal, Corning shall file with the Secretary of the Commission a proposed comprehensive O&E plan (consistent with the Commission's order issued November 13, 1997 in Cases 96-M-0706, *et.al.*) and at least annually thereafter (beginning with November 1, 2013), for review by the Director of the Office of Consumer Policy ("OCP"). Such plan should include: (a) the overarching goals of the O&E Program, (b) the campaign messages to be disseminated to Corning's customers, (c) the methods to disseminate the O&E messages and measures, and (c) detailed budgets and methods for measuring the Company's achievement in meeting the goals. The Signatory Parties further agree that the Director of the OCP shall provide any changes to the Company's proposed plan within 30 days after filing. In the event of any disagreement by the Company with the Director's changes that cannot be resolved informally, the Company shall have the right to submit such dispute to the Commission for resolution.

## I. Low Income Credit Program

The Signatory Parties agree that, upon implementation of the new customer accounting system (*see* Section V.T., below), Corning shall provide a \$5 per month credit on the bills of all residential customers who, at the time of implementation, receive HEAP grant/benefits or who, within the 12 months preceding the commencement of the Rate Year during which the customer accounting system is implemented, received a HEAP grant. In the billing month in which the new customer accounting system is implemented, the first credit to eligible customers in the low income program shall be the total of accumulated monthly credits, if any, for the Rate Year (*e.g.*, if the new customer accounting system is implemented in October, which is the sixth month of the Rate Year, the initial credit shall be \$30). In any Rate Year prior to the Rate Year in which



the new customer accounting system is implemented, Corning shall, in February of the relevant Rate Year, apply the annualized amount of the Low Income Credit Program benefit (*i.e.*, \$60) as a lump sum credit to residential customers who are, at that time, receiving a HEAP grant or who, within the 12 months preceding February 1 of the relevant Rate Year, received a HEAP grant. For those customers who receive HEAP benefits after February 1, but before April 30 of the relevant Rate Year, the Company shall credit the annualized amount within 30 days, and such customers shall not be eligible for a lump sum credit in the following Rate Year, unless any such customer receives a subsequent HEAP grant. Enrollment in the Low Income Credit Program will be updated annually each Rate Year until the program is modified or discontinued by the Commission, with participants in each Rate Year limited to those customers who, within the 12 months preceding the commencement of the Rate Year, received a HEAP grant. Beginning with the quarter ending July 31, 2012, Corning, within 45 days following the end of each quarter during the Rate Period, shall file a report with the Secretary of the Commission on the preceding quarter, containing (a) the number of participants by month, (b) the total expenditures by month, and (c) a brief narrative explaining any significant changes or other developments in the program since the previous report. Each quarterly report shall also include a summary of the foregoing data from all previous quarterly reports. In any Rate Year in which the low income credit is given as an annualized amount as described above, only one report annually shall be required, to be filed within 45 days following the end of the Rate Year.

#### J. Budget Billing Plan Enrollment

The Signatory Parties agree that, upon implementation of the new customer accounting system (*see* Section V.T., below), but not later than May 31, 2014, Corning shall permit otherwise eligible customers to enroll in the Company's budget billing plan at any time of the

year. Also, in calculating the monthly budget amount for customers to pay, Corning shall divide a year's bill by 12. Within 30 days of implementation of the new customer accounting system or May 31, 2014, whichever comes first, Corning shall file revisions to its tariff.

K. Customer Service Performance Incentive

The Signatory Parties agree that a CSPI mechanism shall apply to Corning during each Rate Year, and thereafter until modified or discontinued by the Commission. The CSPI shall be based on Annual PSC Escalated Complaints, defined as those complaints that are escalated for further handling and investigation because the customer informed Staff's Office of Consumer Services ("OCS") that Corning failed to satisfy his/her initial complaint after OCS forwarded the initial complaint to the Company, and the results of an annual CSS. For each Rate Year, Corning shall incur a Regulatory Liability of \$6,000 if the Company incurs a total of seven Escalated Complaints, \$12,000 if the Company incurs a total of eight Escalated Complaints, and \$18,000 if the Company incurs a total of nine or more Escalated Complaints.

Corning shall contract with an independent, qualified and reputable survey contractor and work with the contractor to design, develop and, within 90 days following approval by the Commission of this Joint Proposal, submit for review by the Director of the OCP a CSS plan that addresses: (a) the goals of the survey, (b) survey design, (c) sample design, (d) sample size, (e) administration of surveys, (f) tabulation of results, (g) reporting requirements, and (h) benchmarking results and next steps. Upon approval by the Director of the OCP, the CSS plan shall go into effect and, after a benchmarking period of one year, be used for CSPI measurement. Corning shall, at the end of the benchmarking period, propose a target for approval by the Commission. Upon Commission approval such target would then be used to evaluate the Company's performance commencing with Rate Year 3. The maximum Regulatory Liability

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that may be imposed, based on the results of the CSS, shall be \$18,000 in each Rate Year.

Consistent with the foregoing milestones, no such Regulatory Liability pertaining to the CSS plan shall be imposed prior to Rate Year 3.

L. Capital Expenditures

1. Projected Amounts

The Signatory Parties agree that the capital expenditures for calendar years 2012, 2013, 2014 and 2015 shall be \$3,921,034, \$7,404,152, \$3,740,743 and \$3,664,126, respectively. The project-by-project agreed upon adjustments and expenditures are detailed in Appendix J. Such project-by-project listing shall not be construed as a requirement that the expenditures be reconciled on a specific project basis, unless explicitly stated otherwise in this Joint Proposal. The Company shall be permitted to reallocate spending within its capital budget when supported by a capital expenditure justification, as described in Section V.L.3., below, which demonstrates a higher priority for the project or program to be substituted.

a. Pipe Replacement Programs

The Signatory Parties agree that the Line 15 Systematic Replacement Program and the replacement of Line 6 are being funded consistent with a 13-year timeframe. The Line 6 Program consists of six miles of pipe, replacing approximately a half-mile of pipe per year.

b. Reliability Project and True-Up

The Signatory Parties agree to a cumulative capital budget of \$6,000,000 associated with the Reliability Project beginning in calendar year 2012. Corning shall develop construction milestones for the Reliability Project and have quarterly conference calls with Staff and Bath to discuss progress. The Reliability Project expenditures shall not be reallocated to any other capital spending. If the Company does not complete the Reliability Project within the Rate Plan,

the Company shall defer carrying costs (*i.e.*, pre-tax rate of return, depreciation expense and property taxes) for the benefit of customers.

c. New Customer Accounting System and True-Up

The Signatory Parties agree that Corning shall be permitted to spend \$1,000,000 associated with the Company's proposed new customer accounting system. The new customer accounting system expenditures shall not be reallocated to any other capital spending. If the Company does not complete the new customer accounting system within the Rate Plan, the Company shall defer carrying costs (*i.e.*, pre-tax rate of return and depreciation expense) for the benefit of customers.

2. True-Up Procedure

The Signatory Parties agree that a one-way net plant true-up shall be used to determine if Corning has spent its capital budget in each Rate Year. The Company shall file with the Secretary of the Commission, 120 days following the end of each Rate Year, a net plant analysis to determine if Corning shall defer a customer benefit. The annual net plant target is developed by taking the forecast Rate Year average of the monthly averages of: (1) plant in service, (2) CWIP, (3) deferred taxes associated with tax depreciation, accelerated recovery of plant and CIAC, and (4) depreciation reserve including accelerated recovery of plant. The development of and resulting net plant targets for each Rate Year are shown in Appendix K.

The net plant targets for each Rate Year shall be compared to the actual net plant during such Rate Year. The actual Rate Year net plant shall be determined by taking the actual average of the monthly averages of: (1) plant in service, (2) CWIP, (3) deferred taxes associated with tax depreciation, accelerated recovery of plant and CIAC, and (4) depreciation reserve including accelerated recovery of plant. If the actual net plant in service falls short of the target net plant in service for a particular Rate Year, Corning shall defer carrying costs for customers' benefit equal

to the shortfall multiplied by the authorized pre-tax rate of return, as well as depreciation expense associated with the shortfall. The deferral shall accrue interest at the Company's authorized pre-tax rate of return. The depreciation expense associated with the shortfall will be calculated by dividing the actual depreciation expense for the Rate Year by the average plant balance to develop a composite depreciation rate, which will then be multiplied by the shortfall. If the actual net plant in service exceeds the target net plant in service for a particular Rate Year, no adjustment (*i.e.*, no surcharge to customers) shall be made.

The Signatory Parties agree to a cumulative test at the end of Rate Year 3 to determine the final carrying charges owed to customers. In conjunction with the Company's Rate Year 3 net plant analysis, as explained above, the Company will conduct a cumulative carrying cost analysis as shown in Appendix K. For each Rate Year, the Company will calculate the carrying costs and accumulated interest. If the sum of the carrying costs and accumulated interest over the three Rate Years results in a shortfall, the amount is owed to customers. If there is a net excess over the three Rate Years, no adjustment (*i.e.*, no surcharge to customers) shall be made.

The Signatory Parties further agree that if the Company does not construct the Reliability Project and/or install a new customer accounting system during the Rate Plan, the Company will defer carrying costs, as defined above, respectively, associated with the costs of the Reliability Project and/or new customer accounting system for the benefit of customers in that amount, to the extent the Net Plant True-Up analysis explained above does not capture the benefit for customers.

### 3. Capital Expenditure Justification

The Signatory Parties agree that, for any capital expenditure project, the total cost of which is expected to exceed the amounts listed in this section, which is to be commenced after January 1, 2013, Corning shall complete annually a capital expenditure project justification sheet

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which shall have the following content: (1) a description of the project; (2) analysis of the project; (3) estimated cost of the project; (4) resources required to carry out the project; (5) operational impact of the project on the Company's system; (6) project risks; (7) important project milestones; (8) customer impact of the project; (9) a summary of project benefits; (10) consideration of options; and (11) recommendations pertaining to the project. The project justification sheet shall follow a form similar to that set forth in Appendix L. As used in this section, "capital expenditure project" includes the following: (a) individual projects having an expenditure level of \$10,000 or more, and (b) the aggregate of smaller projects of a similar nature that are treated as a defined group for annual budgeting purposes (*e.g.*, blanket authorization), and the total of which is expected to exceed \$20,000. For the purpose of this section, "capital expenditure projects" do not include emergency work.

#### 4. Capital Project Estimation

The Signatory Parties agree that, for any capital expenditure project, the total cost of which is expected to exceed the amounts listed in the preceding section, which is to be commenced after June 30, 2013, Corning shall: (1) develop and document work scopes and investigate site specific circumstances for the project with the dual objectives of (a) developing reasonable and realistic estimates and (b) seeking and developing additional alternatives that are more cost effective; (2) develop and document definitive explanations for cost over-runs with the intent of identifying root causes of over-runs and ways to remediate these causes; (3) use and document benchmarking and competitive bidding to help make its project resource estimates more reasonable and realistic; (4) develop documented policies, procedures and strategic plans; (5) create and document a capital expenditure project prioritization system; (6) develop and document project management performance measures; (7) define and document deliverables for each project; (8) develop documented procedures to review and authorize projects when

expenditures exceed initial budget authorizations; and (9) track and document the time it takes to complete operation and maintenance and capital work by its outside contractors and internal workforce.

#### 5. Capital Budget Variance Reporting

The Signatory Parties agree that Corning shall continue its monthly capital budget variance reporting, as referenced in the 2009 Rate Order.

#### 6. Capital Expenditures Supporting Bath Electric, Gas & Water Systems

The Signatory Parties acknowledge that Bath and Corning intend to enter into a Delivery Service Agreement and Supply Service Agreement by February 1, 2012 in substantially the form of the document contained in Appendix M (collectively the “Bath Agreement”). Provided that the Bath Agreement is entered into and remains in force and effect, Corning shall proceed to make the system improvements and additions known as the Line 15 Systematic Replacement Program and the Reliability Project, as defined in Section IV. 5. and 6., above, and Bath shall be obligated to make payments in accordance with the Bath Agreement and Corning’s tariff. The Reliability Charge, as shown in Appendix N, of \$169,697 per year (starting May 1, 2012 and ending April 30, 2022) will be assessed only to Bath and used by Corning to write down the cost of the Reliability Project. The Reliability Charge will be subject to an annual reconciliation so that Bath pays no more or no less than its requirement.

The Signatory Parties agree that, if Bath terminates the Delivery Service Agreement prior to April 30, 2022 Bath shall pay Corning an annual “exit fee” of \$169,697 per year (terminating April 30, 2022) until Bath’s reliability surcharge target, as shown in Appendix N, is fully paid off.

Pursuant to Case 08-G-1137, *Order Approving New Schedule and Accounting Treatment for Line 15 Upgrades* issued April 14, 2011, Corning is required to complete the Reliability Project by November 1, 2012. Corning, by letter dated September 8, 2011, requested Commission permission to extend the Reliability Project completion date to November 1, 2013. Corning's project schedule (assuming the Commission grants the relief requested) is attached hereto as Appendix N, p. 2. Corning will report to Staff and Bath at least quarterly on the status of the project, and will advise as soon as practicable regarding any actual or anticipated slippage in the project schedule.

When Bath provides Corning with a professional study that details the required system pressures and volumes needed to be delivered to its system, Corning, with Staff and Bath's participation, will develop an updated study of the redundant interconnections options that will provide reliability of service for Bath.

#### M. Tariff Consolidation

The Signatory Parties agree that Corning's three current tariffs, PSC 4, PSC 5 and PSC 6, shall be consolidated into a single tariff and the current individual SCs in each tariff shall be combined so that customers having similar characteristics will be in the same SCs under the new consolidated tariff. The Company will file by August 1, 2012 the consolidated tariff with the Commission to be effective September 1, 2012. Appendix O shows the current SCs under each of Corning's current tariffs and the SCs under the consolidated tariff.

#### N. Lost and Unaccounted For

The Signatory Parties agree that, in light of the proposed consolidation of tariffs, as described in Section V.M., above, a single fixed factor of adjustment ("FOA") shall be applied to



replace the current LAUF factor. Beginning September 1, 2012, the system-wide fixed FOA shall be 1.0081.

The Signatory Parties agree that the actual LAUF calculation will be total metered into the system divided by total metered out of the system with no adjustments. A dead band ranging from 1.0000 to 1.0194 will be established for the LAUF incentive mechanism. All firm customers will be charged or credited, as the case may be, for differences between the fixed FOA and the actual FOA within the dead band. The Company will not recover the portion of the actual losses beyond the upper limit of the dead band. In the event the Company's actual FOA goes below 1.0000, all resulting benefits beyond the dead band will be awarded to all firm customers. The dead band will become effective for the annual GAC reconciliation 12 months ended August 31, 2013. The FOA and the dead band limits are fixed throughout the Rate Plan or until changed by the Commission. The LAUF incentive surcharge or refund will be collected through the DRA. A sample calculation of the FOA and the surcharge/refund amount for firm full service and transportation customers is shown in detail in Appendix P.

O. Bath Reconciliation

The Signatory Parties agree that the current reconciliation procedure applicable to Bath shall be discontinued as of the commencement of Rate Year 1.

P. Weather Normalization Adjustment

The Signatory Parties agree that the Company's Weather Normalization Clause ("WNC") Adjustment set forth in its tariff shall continue.

Q. Revenue Decoupling Mechanism

The Signatory Parties agree that, subject to the following modifications, the RDM adopted in the 2009 Rate Order will continue to apply to Residential Customers taking service

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under current Corning SC 1, Corning SC 14, Hammondsport SC 1, and Hammondsport SC 7, or SC 1 and SC 14 under tariff consolidation.

Actual billed delivery service revenues are defined as the billed revenue from delivery rates adjusted for the WNC, excluding Gross Receipts Taxes, MFC revenue, DRA, RDM, economic development discounts, discounts associated with any low income program, and all other applicable credits and surcharges. The allowed delivery service revenue will be based on a delivery revenue target for each Rate Year ending April 30<sup>th</sup> as set forth in Appendix Q. The annual RDM Period is defined as the 12 months ending April 30 and each succeeding 12-month period thereafter. Under the RDM, actual billed delivery service revenues for each annual period commencing with the Rate Year will be reconciled by comparing actual annual billed delivery service revenues with the allowed delivery service revenues (the RDM target per customer multiplied by the actual average number of customers). The Company will surcharge or refund customers if the actual billed delivery service revenues differ from allowed delivery service revenues. Any over- or under- collection at the end of the reconciliation period will include simple interest at the prevailing other customer capital rate issued by the Commission. The shortfall or excess will be surcharged or refunded to residential customers on a volumetric basis over the 12-month period commencing September 1. The rate per ccf will be developed using a forecast level of throughput for residential customers. All refunds or surcharges will be subject to reconciliation and included in the subsequent RDM reconciliation.

The Signatory Parties agree that the Company will develop a customer count proxy for each rate code applicable to the RDM. The customer count proxy for each rate code will be developed by taking that rate code's monthly volume billed in the first block divided by 3 ccf. On June 15, the Company will make an annual filing that will set forth the results of the

operation of the RDM mechanism. The Company's annual filing will include an analysis that will compare (i) the Company's applicable customer count, (ii) the customer count proxy for each applicable rate code, and (iii) the proposed surcharge or refund.

The Signatory Parties agree on how to deal with the partial year linking period between the current rate year and proposed Rate Year 1. The Joint Proposal uses an 8 month Revenue Per Rate Code target which is developed by prorating the current target, as shown in Appendix Q. Once the RDM year is aligned with Rate Year 1, this partial year linking period will be concluded, as will the need for the Revenue Per Rate Code methodology.

The Signatory Parties acknowledge that as a change in Gas Delivery Service Rates takes effect, the Company prorates the bills to customers. The proration of bills, however, will lower the actual billed delivery service revenue. To compensate for the proration in the first month of each Rate Year, the Company will calculate the actual billed delivery revenue using its billing determinants. The RDM Target for Rate Year 3 shall remain in effect until otherwise changed by the Commission.

R. Transportation Balancing

1. Communications between the Company and Daily Balanced Customers

The Signatory Parties acknowledge that on-going communication between the Company and transportation customers is needed to inform transportation customers of the status of gas deliveries and assist transportation customers in staying within their established tolerances.

The Company will attempt to make available hourly gas delivery data to daily balanced transportation customers via a secure website. It will, however, be required to take daily balanced customer meter readings no less than three times per day, at 10:00 AM Eastern Standard Time ("EST"), 1:00 PM EST, and 4:00 PM EST, and post these readings within one

hour of these times. If the customer desires more detailed data, the customer must have installed the necessary equipment, acceptable by the Company that allows the Company to monitor the customer's usage of gas. The expense of this installation, as well as the operating costs of any third-party telecommunication and/or meter data collection services, will be borne by the customer. In order to improve the timeliness and accuracy of such gas delivery data, the Signatory Parties agree that the Company will retain a dedicated Gas Supply Specialist by May 1, 2012 to oversee the operation of the Company's system including, but not limited to, the efficient communication of gas usage information to daily balanced transportation customers and the review of pipeline electronic bulletin boards to confirm customer nominations.

For the period May 1, 2012 through October 31, 2012, a collaborative group of interested parties will convene every other month to address and resolve any issues the Company is experiencing with respect to the timely and accurate communication of gas delivery information to transportation customers. To the extent necessary, the collaborative group will attempt to address and resolve all outstanding issues in the collaborative and propose solutions to these issues by October 1, 2012, including the resolution, either through improved communication or improved meter data collection, of reporting and/or equipment issues that could impact the timely provision of accurate gas delivery information to transportation customers or their designated representatives.

The Company's tariff will reflect that where a daily balanced transportation customer and/or its designated representative is unable to obtain timely and accurate gas delivery data from the Company, no penalties or charges will be imposed on such customer for any imbalance incurred as a result. For example, if there is a Company failure of telemetering equipment, the Company will waive the penalty imbalance charge for the period. If there is a customer failure

of telecommunications associated with the telemetering equipment, the normal imbalance charges will apply. If there is an inactive telephone line, the customer will have eight weeks from the receipt of written notice from the Company to remedy. In the event of any equipment malfunctions, the previous day's actual read will be deemed to be the daily actual read until the situation is corrected. If the malfunction is due to customer reasons and is not remedied within eight weeks from the receipt of written notice by the Company, absent sufficient justification by the customer, the customer will be returned to the applicable sales service for a minimum of 12 months if the Company has sufficient assets to serve the customer. The Company shall not be liable for any inaccuracies in the consumption reported if they resulted from malfunctioning telemetering equipment, telephone line problems, customer failure to maintain customer equipment or any other reason outside the control of the Company. With the exception of the balancing penalty and charge waivers described above, where any potential liabilities result from a failure and/or inaccuracy that occurs due to the act or omission of the Company, the Company's liability, if any, will be governed by the terms of the tariff and applicable law.

## 2. "No Harm No Foul" for Daily Balanced Customers

The Signatory Parties agree that the Company will adopt and maintain in its tariff a "no harm no foul" rule for the daily and also for the end of month imbalances for daily balanced transportation customers.

On a daily basis, pursuant to the "no harm no foul" rule, if the pool of daily balanced customers is within the daily balancing tolerance, then there are no cash outs. In the case where the pool is outside of the daily tolerance, only those accounts whose imbalances are in the same direction as the total pool imbalance will be cashed out to the tolerance band using the penalty structure set forth in Appendix R, while all other imbalances are rolled forward to the end of the month. The daily cash-out activity will be netted for the month and be billed to the customer

along with the supporting detail including, but not limited to, the daily and monthly pool balances. Additionally, at the end of the month a “no harm no foul” rule will also be applied to the end of month imbalances, after imbalance trading, in a similar fashion as it is done on a daily basis, except that all imbalances will be cashed out to the zero level in this event.

### 3. Intra-Day Nominations for Daily Balanced Customers

Daily balanced transportation customers may need to conduct intra-day nominations in accordance with the “Nomination Timeline” set forth below. All nominations are made by the customer or its agent to the appropriate interstate pipeline nomination system.

The Company will accept the standard nomination deadlines and procedures as developed by the North American Energy Standards Board (“NAESB”) and adopted by the Federal Energy Regulatory Commission in 18 C.F.R. Section 284.12. There are four distinct nomination cycles. Two cycles provide for gas deliveries before the Gas Day and two cycles provide for gas deliveries during the Gas Day. The Company will only accept nomination according to the time line for gas nominations outlined below.

#### a. Timely Nominations

Timely Nominations are due one hour after the NAESB pipeline nomination deadline for Timely Nominations or by 1:30 PM EST for gas to flow the following morning at 10:00 AM EST. The Company will confirm its acceptance of the Energy Service Company (“ESCO”)/Direct Customer’s (as defined in the Company’s Gas Operations and Transportation Manual) nominated delivery volumes by 4:30 PM EST.

#### b. Evening Nominations

Evening Nominations are due one hour after the NAESB pipeline nomination deadline for Evening Nominations or by 8:00 PM EST for gas to flow the following morning at 10:00 AM

EST. The Company will confirm its acceptance of the ESCO/Direct Customer's nominated delivery volumes by 10:00 PM EST.

c. Intraday 1 Nominations

Intraday 1 Nominations are due one hour after the NAESB pipeline nomination deadline for Intraday 1 Nominations or by 12:00 PM EST for gas to flow the same day at 6:00 PM EST. Gas flow will be prorated over the remaining hours in the current Gas Day assuming uniform hourly flow pattern of 1/24. The Company will confirm its acceptance of the ESCO/Direct Customer's nominated delivery volumes by 2:00 PM EST. An Intraday 1 Nomination may not cause a previously scheduled and confirmed gas supplier's gas to be bumped.

d. Intraday 2 Nominations

Intraday 2 Nominations are due one hour after the NAESB pipeline nomination deadline for Intraday 2 Nominations or by 7:00 PM EST for gas to flow the same day at 10:00 PM EST. Gas flow will be prorated over the remaining hours in the current Gas Day assuming a uniform hourly flow pattern of 1/24. The Company will confirm its acceptance of the ESCO/Direct Customer's nominated delivery volumes by 9:00 PM EST. An Intraday 2 Nomination may not cause a previously scheduled and confirmed gas supplier's gas to be bumped.

4. Imbalance Trading

In order to keep imbalances at a minimum and in recognition that only net imbalances on a system-wide basis impose costs to the Company, daily balanced transportation customers will be allowed to trade imbalances with each other and monthly balanced customers. When imbalance trading occurs, both trading parties must improve their balancing position and those positions need to move them closer to a zero imbalance position. Imbalance trades that do not improve the positions of both trading parties will be rejected.

Each month, the Company will notify the customer of its imbalances by close of business on the 3<sup>rd</sup> business day of the month immediately following the month for which imbalances are to be traded together with the supporting detail. The customer or its designated representative must inform the Company of the trades by the close of business on the 7<sup>th</sup> business day of such month. The trading will occur prior to any cash out procedures being applied. This will be done by e-mail or a secure website.

#### 5. Multiple Accounts

Daily balanced transportation customers with multiple accounts may submit one nomination for the accounts in the pool to the Company for balancing and imbalance trading purposes.

#### 6. Balancing Dead Band Tolerances for Daily Balanced Customers

- i. For the period May 1, 2012 through October 31, 2012 (“Period 1”) the daily balancing dead band will be +/- 10% with a daily balancing charge of \$0.02204 per mcf. The balancing dead band for Period 1 monthly cash-outs will be 10%. The daily and monthly cash-out tables for Period 1 are set forth in Appendix R.
- ii. For the period November 1, 2012 through April 30, 2013 (“Period 2”), the daily balancing dead band will be +/- 5% with a daily balancing charge of \$0.00672 per mcf. The balancing dead band for Period 2 monthly cash-outs will be 5%. The daily and monthly cash-out tables for Period 2 are set forth in Appendix R.
- iii. For the period May 1, 2013 through September 30, 2013 (“Period 3”), the daily balancing dead band will be +/- 7.5% with a daily balancing charge of \$0.00956 per mcf. The balancing dead band for Period 3 monthly cash-outs will be 7.5%. The daily and monthly cash-out tables for Period 3 are set forth in Appendix R.



- iv. On October 1, 2013 going forward (“Period 4”), unless modified by the Commission, the daily balancing dead band will be +/- 5% with a daily balancing charge of \$0.00672 per mcf. The balancing dead band for Period 4 monthly cash-outs will be 5%. The daily and monthly cash-out tables for Period 4 are set forth in Appendix R.
- v. The daily balancing charge will be updated as of October 1, 2014, and each year thereafter, to reflect any and all changes to capacity costs incurred by the Company.

7. End of the Month Cash-Out for Daily Balanced Customers

All daily balanced transportation customers’ month-end balances will be cashed out to zero beginning with the month of May 2012. Each month, the Company will notify the customer of its imbalances by close of business on the 3rd business day of the month immediately following the month for which imbalances are to be traded together with the supporting detail. As part of the May 2012 cash-out, the Company will include any carry-over balance from the prior month complete with the supporting details including the calculation of any prior carry-over balance.

Cash-outs will be market based regardless of a deficiency or a surplus and calculated as described in the following provisions:

- i. The Daily Deficiency Price Index will equal the applicable daily index midpoint price as published in Gas Daily + cost of transportation + variable capacity costs + fuel losses from the index point (DTI South Point to Corning’s City Gate). The sum of these items, the Adjusted Deficiency Index Price, is then multiplied by the appropriate cash-out multipliers.

- ii. The Daily Surplus Price Index will equal the applicable daily index midpoint price as published in Gas Daily plus the cost of pipeline transportation. The sum of these items, the Adjusted Surplus Index Price, is then multiplied by the appropriate cash-out multipliers.
- iii. The cash-out multipliers are set forth in Appendix R.

8. City Gate Balancing for Monthly Balanced Customers

If a monthly transportation customer's daily delivery does not match its Average Daily Quantity ("ADQ") within a dead band of +/- 2%, imbalance penalties will be imposed for the amount above or below the 2% threshold. The Company shall have the discretion to reject over-deliveries greater than 2% while under-deliveries greater than 2% will be charged 125% of the Market Price as defined in the End of Month Cash-Out for Daily Balanced Customers section above. During an Operational Flow Order, the Company shall have the right to require all city gate deliveries to match ADQs.

9. Balancing Dead Band Tolerances for Monthly Balanced Customers

The dead band for Corning's monthly balanced customers and penalties for such customers' month-end imbalances shall be eliminated.

- i. Starting May 1, 2012 the monthly swing charge will be \$0.06193 per mcf for SC 6 high load factor customers. The monthly cash-out table is set forth in Appendix R.
- ii. Starting May 1, 2012 the monthly swing charge will be \$0.08763 per mcf for SC 14 low load factor customers. The monthly cash-out table is set forth in Appendix R.

- iii. The monthly swing charge will be updated as of October 1, 2014, and each year thereafter, to reflect any and all changes to capacity costs incurred by the Company.

S. Purchase of Receivables

The Signatory Parties agree that the new customer accounting system, described in Section V.T., below, will be capable of accommodating a Purchase of Receivables (“POR”) program.

T. New Customer Accounting System

The Signatory Parties agree that Corning shall expeditiously, consistent with sound procurement and installation practices, purchase or lease and install a new customer accounting system to replace the Company’s current system and that such new system shall be capable of addressing the requirements of the POR and the MFC Programs. The Signatory Parties further agree that the bills will be in readable and understandable format to reflect, among other billing concerns, the MFC and POR consistent with the Commission’s regulations. Capital expenditures and O&M expenses for the new customer accounting system shall be subject to a one-way downward true-up, consistent with Section V.L.1.c., above.

U. Pipeline Transportation Revenue Accounting

The Signatory Parties agree that Corning will account for all revenues billed to local producers as either access revenue, transportation revenue or reimbursement revenue. The Signatory Parties also agree that Corning shall account for all local production revenues and investments by each individual well/project.

1. Treatment of Local Production Access Revenues

The Signatory Parties agree that, beginning with Rate Year 1, all revenues associated with access charges from local production shall be shared 80%/20% between customers and

shareholders, respectively, above and below the target of \$545,284 imputed in base delivery rates in each Rate Year, subject to the sharing mechanism being reset pursuant to Section V.U.4., below. The Signatory Parties further agree that the annual access revenue imputation of \$250,000, set in the 2009 Rate Order shall be reset at \$145,833 for the period October 1, 2011 through April 30, 2012 (the beginning of Rate Year 1).

## 2. Treatment of Local Production Transportation Revenues

The Signatory Parties agree that, beginning with Rate Year 1, 100% of all fixed charges from local production transportation service shall be allocated to writing down the plant investments to serve such producers until such plant is fully written down on an individual well/project basis, at which time such respective revenues shall be shared 80%/20% between customers and shareholders, respectively, subject to the sharing mechanism being reset pursuant to Section V.U.4., below. The Signatory Parties further agree that all volumetric charges from local production shall be shared 80% to write down plant on an individual well/project basis, until such plant is fully written down and 20% to shareholders. Once the respective plant is fully written down, all revenues shall be shared 80%/20% between customers and shareholders, respectively, subject to the sharing mechanism being reset, pursuant to Section V.U.4., below.

In the event any well served by Corning's facilities cease production before the entire amount of the respective well investments are written down as described herein, Corning's shareholders shall be required to pay for the cost of writing down the remaining investment in such plant, up to the amount the Company retains through its 20% share of the volumetric charge. The amount of any plant write down pursuant to this Section shall be tracked and included in the Company's annual DRA filing.

### 3. Treatment of Local Production Reimbursement Revenues

The Signatory Parties agree that, beginning with Rate Year 1, to the extent the Company enters into new contracts with local gas producers that involve construction of facilities to accommodate local production, Corning's shareholders will be allowed to bill and retain local production reimbursement revenue (from producers) for the recovery of carrying costs on the investments it makes on the local producers' behalf, capped at 15% of the total transportation rates (*i.e.*, fixed and variable). After the investment in the plant is fully recovered the reimbursement revenue shall be shared 80%/20% between customers and shareholders, respectively, subject to the sharing mechanism being reset pursuant to Section V.U.4., below. The Signatory Parties further agree that, with respect to any new contracts the Company will not be allowed to defer carrying costs, depreciation expense and/or property taxes from its local production investments, provided, however, once the plant is written off property taxes will be subject to the property tax reconciliation in Section V.C.4., above.

### 4. Trigger for Resetting the Sharing of All Local Production Revenues

The Signatory Parties agree that once the annual shareholders' 20% local production share from access, transportation and reimbursement revenues provides a combined total of \$200,000 the sharing mechanism between customers and shareholders for all local production revenues shall be reset to 90% for customers and 10% for shareholders for all revenues above \$200,000, annually.

### 5. Local Production Reconciliation

The Signatory Parties agree that on or before November 15<sup>th</sup> each year, as part of its annual DRA filing, Corning shall file a report with the Commission showing all local production revenues generated over the previous Rate Year, and any 12-month period subsequent to Rate

Year 3. The Signatory Parties further agree that if a firm delivery customer leaves the system or is served under SC 11 negotiated contracts, it will no longer share in local production revenues.

V. Tariff Provisions for Local Production

The Signatory Parties agree that Corning shall develop cost-based metering and interconnection charges for local production to be included in the Company's tariff; provided, however, that the Company shall retain the flexibility to negotiate individual contract rates with local production entities. Summaries of such contracts shall be filed with the Commission.

W. Off-System Sales and Capacity Release Revenues

The Signatory Parties agree that the Company will not share in the revenues generated by a third party (*e.g.*, an asset manager) through off-system sales and capacity release transactions. The Company, however, shall be permitted to retain 15% of any off-system and/or capacity release revenues generated via assets it does not release to a third party and the third party is not compensated or allowed to profit at the expense of the firm ratepayer from the transaction using such assets.

X. Treatment of Contract Customer Revenues

The Signatory Parties agree that, beginning with Rate Year 1, all existing and future contract revenues (*i.e.*, revenues from dual-fuel and interruptible customers, as well as from customers served under negotiated contracts, but excluding revenues from access for and transportation of local production, as described in Section V.U., above), as shown in Appendix U (currently negotiated contracts 1 – 7, NYSEG, Stand and Empire), shall be shared 90%/10% between customers and shareholders, respectively, above and below a target of \$1,867,042 for Rate Year 1, \$1,924,096 for Rate Year 2 and \$1,972,436 Rate Year 3, imputed in base delivery rates. The Signatory Parties also agree that the plant associated with contract number 7 will be

written off within five years, consistent with Section V.Y., below, and all remaining revenue will be applied to the foregoing non-firm imputation. Corning will defer the customers' share of any difference between the imputed contracts revenue and the actual contracts revenue for each Rate Year, or any 12-month period subsequent to Rate Year 3, and then file a report with the Commission on or before November 15<sup>th</sup> each year, as part of its annual DRA filing, showing such revenues generated over the previous Rate Year, and any 12-month period subsequent to Rate Year 3. If a firm delivery customer, leaves the system or is served under SC 11 negotiated contracts, it will no longer share in non-firm revenues.

#### Y. Negotiated Contracts

The Signatory Parties agree that Corning shall add language to its tariff that addresses the following with respect to service provided by the Company to non-residential interruptible, dual-fuel and negotiated contract customers: (a) customer obligations to pay for all connections and upgrades over a reasonable period of time; (b) clear identification in customer contracts of charges for delivery service and charges for facilities to be borne by the customer; and (c) how the Company treats revenues for delivery service and charges for facilities from these customers. The cost responsibility identified in the tariff shall be as follows: (i) no plant should be provided for free to customers that are non-firm and can leave the system at any time and (ii) assets to serve these customers should be written off within five years. Corning shall file revisions to its tariff to reflect the foregoing no later than May 1, 2012. The Company shall continue to provide firm customers service in accordance with 16 NYCRR Part 230.

This Joint Proposal shall not be construed as altering or invalidating the terms of existing SC 11 negotiated rate contracts between Corning and its customers, except where permitted by the terms of such contracts. However, any SC 11 contracts that are subject to extension (*i.e.*,

evergreen) after approval of this Joint Proposal shall be governed by the terms of this Joint Proposal and applicable tariffs.

Z. Mitigation

The Signatory Parties agree that levelization of the revenue requirements would provide minimal benefits in this case, as shown in Appendix S. If, however, the Commission chooses to levelize the revenue requirements, the Signatory Parties propose that a surcharge/credit mechanism be developed and billed through the DRA that would terminate at the end of Rate Year 3. The RDM targets would include the surcharge/credit revenues.

The Signatory Parties agree that rate moderation with local production credits is not necessary. If, however, the Commission chooses to front load the local production credits for rate mitigation, the annual funding level should be set to avoid future rate shock.

AA. Revenue Allocation

The Signatory Parties agree to use a 1.0 revenue allocation factor to distribute the incremental revenue requirement to each SC for each Rate Year, as shown in Appendix T.

1. Rate Year 1

The revenue allocation for Rate Year 1 reflects \$944,310 in incremental revenue requirement (reduced for \$6,975 in taxes and \$9,356 in late payment revenues), \$21,286 in RDM revenues, \$97,423 in MFC revenues, and \$97,189 in Line 15 transportation revenues from the DRA. The \$944,310 in incremental revenue requirement also includes the addition of \$125,000 for Low Income Credit Program that the Company will collect in rates.

2. Rate Year 2

The revenue allocation for Rate Year 2 reflects \$899,674 in incremental revenue requirement (reduced for \$6,645 in taxes and \$8,017 in late payment revenues).



## CASE 11-G-0280 – Joint Proposal

## 3. Rate Year 3

The revenue allocation for Rate Year 3 reflects \$323,591 in incremental revenue requirement (reduced for \$2,390 in taxes and \$2,653 in late payment revenues).

## BB. Rate Design

The Signatory Parties agree that late payment revenues are projected to increase by \$9,356, \$8,017, and \$2,653 for Rate Years 1, 2, and 3, respectively. The late payment revenue increases are proportional to the incremental revenue requirements. The Signatory Parties also agree that the rate design reflects the recovery of \$125,000 for the Low Income Credit Program for each of the Rate Years.

The Signatory Parties agree that the minimum charge for residential full service and transportation customers will be \$16.75, \$18.25, and \$19.75 for Rate Years 1, 2 and 3, respectively. The minimum charge for small commercial full service and transportation customers will be set at \$20.25, \$25.25 and \$30.25 for Rate Years 1, 2 and 3, respectively. The minimum charges for all other customers are shown in Appendix U.

Corning SC 6 transportation customers and Hammondsport SC 4 transportation customers will be consolidated under SC 6. Under tariff consolidation, the bill impacts for Hammondsport SC 4 customers were higher than for most SCs; therefore, the Signatory Parties agree to mitigate impacts in the rate design process. All of the rate design and resulting bill impacts are shown in Appendix V.

**VI. GENERAL PROVISIONS**

## A. Rate Changes; Reservation of Authority

Nothing herein precludes Corning from filing a new base rate case for rates to become effective on or after April 30, 2015. Except pursuant to rate changes permitted by this Section, the Company will not file rates to become effective prior to April 30, 2015.

Changes to Corning's base delivery service rates during the term of the Rate Plan will not be permitted, except for the changes provided for or detailed in this Joint Proposal, and, subject to Commission approval, changes as a result of the following circumstances; (1) upon the occurrence, at any time, of circumstances that in the judgment of the Commission so threaten, Corning's economic viability or ability to maintain safe, reliable and adequate service as to warrant an exception to the limitations on rate changes provided for or detailed in this Joint Proposal, Corning will be permitted to file for an increase in base delivery service rates and (2) the Signatory Parties recognize that the Commission reserves the authority to act on the level of Corning's rates in the event of unforeseen circumstances that, in the Commission's opinion, have such a substantial impact on the range of earnings levels or equity costs envisioned by this Joint Proposal as to render Corning's rates unjust or unreasonable or insufficient for the provision of safe and adequate service. The Signatory Parties reserve the right to oppose any filings made by the Company under this Section.

**B. Provisions Not Separable**

The Signatory Parties intend this Joint Proposal to be a complete resolution of all the issues in Case 11-G-0280 and the Company will file tariffs in a manner consistent with the terms of this Joint Proposal. The terms of this Joint Proposal are submitted as an integrated whole. If the Commission does not accept this Joint Proposal according to its terms as the basis of the resolution of all issues addressed without change or condition, each Signatory Party shall have the right to withdraw from this Joint Proposal upon written notice to the Commission within ten days of the Commission Order. Upon such a withdrawal, the Signatory Parties shall be free to pursue their respective positions in this proceeding without prejudice, and this Joint Proposal shall not be used in evidence or cited against any such Signatory Party or used for any other

purpose. It is also understood that each provision of this Joint Proposal is in consideration and support of all the other provisions, and expressly conditioned upon acceptance by the Commission. Except as set forth herein, none of the Signatory Parties is deemed to have approved, agreed to or consented to any principle, methodology or interpretation of law underlying or supposed to underlie any provision herein.

C. Provisions Not Precedent

The terms and provisions of this Joint Proposal apply solely to, and are binding only in the context of the purposes and results of this Joint Proposal. None of the terms or provisions of this Joint Proposal and none of the positions taken herein by any Signatory Party may be referred to, cited, or relied upon by any other party in any fashion as precedent or otherwise in any other proceeding before this Commission or any other regulatory agency or before any court of law for any purpose other than furtherance of the purposes, results, and disposition of matters governed by this Joint Proposal. This Joint Proposal shall not be construed, interpreted or otherwise deemed in any respect to constitute an admission by any Signatory Party regarding any allegations, contentions or issues raised in this proceeding or addressed in this Joint Proposal.

D. Submission of Proposal

Each Signatory Party agrees to submit this Joint Proposal to the Commission, to support and request its adoption by the Commission, and not to take a position in this proceeding contrary to the agreements set forth herein or to assist another participant in taking such a contrary position in these proceedings. The Signatory Parties believe that the resolution of the issues, as set forth in this Joint Proposal, are just and reasonable and otherwise in accordance with the PSL, the Commission's regulations and applicable Commission precedent. The

## CASE 11-G-0280 – Joint Proposal

Signatory Parties believe that this Joint Proposal will satisfy the requirements of PSL § 65(1), that Corning provides safe and adequate service at just and reasonable rates.

E. Effect of Commission Adoption of Terms of this Proposal

No provision of this Joint Proposal or the Commission's adoption of the terms of this Joint Proposal shall in any way abrogate or limit the Commission's statutory authority under the PSL. The Signatory Parties recognize that any Commission adoption of the terms of this Joint Proposal does not waive the Commission's ongoing rights and responsibilities to enforce its orders and effectuate the goals expressed therein, nor the rights and responsibilities of Staff to conduct investigations or take other actions in furtherance of its duties and responsibilities.

F. Further Assurances

The Signatory Parties recognize that certain provisions of this Joint Proposal require that actions be taken in the future to fully effectuate this Joint Proposal. Accordingly, the Signatory Parties agree to cooperate with each other in good faith in taking such actions. In the event of any disagreement over the interpretation of this Joint Proposal or implementation of any of the provisions of this Joint Proposal, which cannot be resolved informally among the Signatory Parties, such disagreement shall be resolved in the following manner: (a) the Signatory Parties shall promptly convene a conference and in good faith attempt to resolve any such disagreement; and (b) if any such disagreement cannot be resolved by the Signatory Parties, any Signatory Party may petition the Commission for resolution of the disputed matter.

G. Execution

This Joint Proposal may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument which shall be binding upon each Signatory Party when it is executed in counterpart, filed with the Secretary of the Commission

and approved by the Commission. However, upon execution, filing with the Secretary of the Commission and prior to approval by the Commission, each Signatory Party shall be bound to support adoption of this Joint Proposal and, to the extent required by the context, to undertake actions necessary for implementation of the provisions of this Joint Proposal upon its approval by the Commission.

#### H. Entire Agreement

This Joint Proposal, including all attachments, exhibits and appendices, if any, represents the entire agreement of the Signatory Parties with respect to the matters resolved herein. While not all numerical adjustments may be described in the text of this Joint Proposal; all such adjustments are intended to be presented in the Appendices of this Joint Proposal.

CASE 11-G-0280 – Joint Proposal

This JOINT PROPOSAL agreed to as of the \_\_\_\_ day of January, 2012.

CORNING NATURAL GAS CORPORATION

By: \_\_\_\_\_  
Stanley W. Widger, Jr., Esq.  
Nixon Peabody LLP

CASE 11-G-0280 – Joint Proposal

This JOINT PROPOSAL agreed to as of the \_\_\_\_ day of January, 2012.

STAFF OF THE DEPARTMENT OF  
PUBLIC SERVICE

By: \_\_\_\_\_  
Brian P. Ossias, Esq.  
Staff Counsel

CASE 11-G-0280 – Joint Proposal

This JOINT PROPOSAL agreed to as of the \_\_\_\_ day of January, 2012.

BATH ELECTRIC GAS AND WATER SYSTEMS

By: \_\_\_\_\_  
Kevin R. Brocks, Esq.  
Read and Laniado, LLP



CASE 11-G-0280 – Joint Proposal

This JOINT PROPOSAL agreed to as of the \_\_\_\_ day of January, 2012.

MULTIPLE INTERVENORS

By: \_\_\_\_\_  
James S. King, Esq.  
Couch White LLP

CASE 11-G-0280 – Joint Proposal

This JOINT PROPOSAL agreed to as of the \_\_\_\_ day of January, 2012.

UTILITY INTERVENTION UNIT  
DIVISION OF CONSUMER PROTECTION  
NEW YORK DEPARTMENT OF STATE

By: \_\_\_\_\_  
Lisa R. Harris, Esq.  
Division Director

# **APPENDIX A**

**Revenue Requirements Rate Year 1, Rate Year 2 and Rate Year 3**

Corning Natural Gas Corporation  
Income Statement and Rate of Return Calculation  
For the Rate Year Ended April 30, 2013

	1	2	3	4	5	6	7	8
	Rate year Per Company	Co Adj #	Company Update/Corrections	Adj #	JP Adjustments	As Adjusted By JP	Revenue Requirement	As Finally Adjusted
Operating Revenues	\$ 23,371,583	1A	\$ 60,000	1A, 1B, 1C, 1F	\$ 422,791	\$ 23,854,374	\$ 944,310	\$ 24,798,684
Operating Expenses								
Purchased Gas	10,256,155				-	10,256,155	-	10,256,155
Operating & Maintenance Expense	7,135,902		(2,819)		(549,742)	6,583,341	10,432	6,593,773
Depreciation Expense	1,163,792			1D	(34,593)	1,129,199	-	1,129,199
Accelerated Recovery of Plant	1,071,558			1E	231,674	1,303,232		1,303,232
Taxes Other Than FIT	<u>1,991,683</u>		<u>111,453</u>		<u>(268,984)</u>	<u>1,834,152</u>	<u>6,975</u>	<u>1,841,127</u>
Total Operating Expense	<u>21,619,090</u>		<u>108,634</u>		<u>(621,645)</u>	<u>21,106,079</u>	<u>17,406</u>	<u>21,123,486</u>
Operating Income Before SIT	1,752,493		(48,634)		1,044,436	2,748,295	926,904	3,675,199
State Income Taxes								
Current	100,396		(26,105)		117,978	192,269	65,810	258,079
Deferred	<u>(51,272)</u>		<u>19,597</u>		<u>(36,008)</u>	<u>(67,683)</u>	<u>-</u>	<u>(67,683)</u>
Total State Income Taxes	49,124		(6,508)		81,970	124,586	65,810	190,396
Operating Income Taxes Before FIT	1,703,369		(42,126)		962,466	2,623,709	861,093	3,484,802
Federal Income Taxes								
Current	(229,439)		(116,133)		836,864	491,292	292,772	784,064
Deferred	<u>430,544</u>		<u>87,184</u>		<u>(575,160)</u>	<u>(57,432)</u>	<u>-</u>	<u>(57,432)</u>
Total Federal Income Taxes	<u>201,105</u>		<u>(28,949)</u>		<u>261,704</u>	<u>433,860</u>	<u>292,772</u>	<u>726,632</u>
Operating Income	<u>\$ 1,502,264</u>		<u>\$ (13,177)</u>		<u>\$ 700,762</u>	<u>\$ 2,189,849</u>	<u>\$ 568,322</u>	<u>\$ 2,758,171</u>
Rate Base	\$ 35,229,011		\$ (326,672)		\$ 13,477	\$ 34,915,815		\$ 34,915,815
Rate Base over Capitalization	<u>301,557</u>		<u>831,537</u>		<u>\$ (220,743)</u>	<u>\$ 912,351</u>		<u>\$ 912,351</u>
	\$ 35,530,568		\$ 504,865		\$ (207,266)	\$ 35,828,166		\$ 35,828,166
Rate of Return	<u>4.23%</u>					<u>6.11%</u>		<u>7.70%</u>

Corning Natural Gas Corporation  
Detail of Operating and Maintenance Expenses  
For the Rate Year Ended April 30, 2013

<u>Operating Expenses</u>	<u>Rate Year</u> <u>06/30/10</u>	<u>Co Adj</u> <u>#</u>	<u>Company</u> <u>Update/Corrections</u>	<u>Adj</u> <u>#</u>	<u>JP</u> <u>Adjustment</u>	<u>As</u> <u>Adjusted</u> <u>By JP</u>
Direct Labor	\$ 2,096,439	2A	\$ (2,881)	2A	\$ (96,832)	\$ 1,996,726
Supervisory & Indirect Labor	372,293			2B	(10,042)	362,251
Vacation Accrual	148,877			2C	(5,143)	143,734
Insurance Costs	1,023,351			2D	(25,960)	997,391
Regulatory Costs	329,808			2E	(9,357)	320,451
Pensions and OPEBS	663,672			2O	238,007	901,679
Uncollectible Accounts	890,635			2F	(713,481)	177,154
Low Income Program	-			2G	125,000	125,000
Building Services	230,667			2H	6,327	236,994
Transportation	198,982			2I	(15,893)	183,089
Outside Services	516,459	2B	(3,895)	2J	(8,049)	504,515
Inventory	19,350					19,350
Other O&M Costs	645,368	2C	3,956	2K, 2L, 2N	11,830	661,154
Productivity Adjustment	-			2M	(46,149)	(46,149)
Gas Supply Records	-					-
Amortization of Matrix Incentive	-		-		-	-
Total Operating Expense	\$ 7,135,902		\$ (2,819)		\$ (549,742)	\$ 6,583,340

Corning Natural Gas Corporation  
Detail of Taxes Other than Income Tax  
For the Rate Year Ended April 30, 2013

	<u>Rate Year</u> <u>Per Company</u>	<u>Co Adj</u> <u>#</u>	<u>Company</u> <u>Update/Corrections</u>	<u>Adj</u> <u>#</u>	<u>JP</u> <u>Adjustment</u>	<u>As Adjusted</u> <u>By JP</u>	<u>Revenue</u> <u>Requirement</u>	<u>Final</u> <u>Adjusted</u>
Property Tax	\$ 1,610,698	3A	\$ 111,453	3A	\$ (261,553)	\$ 1,460,598	\$ -	\$ 1,460,598
Payroll Taxes	221,495		-	3B	(8,367)	\$ 213,128	\$ -	\$ 213,128
Revenue Taxes	<u>159,490</u>		<u>-</u>	3C	<u>936</u>	<u>\$ 160,426</u>	<u>\$ 6,975</u>	<u>\$ 167,401</u>
Total Taxes Other Than Income Taxes	\$ 1,991,683		\$ 111,453		\$ (268,984)	\$ 1,834,152	\$ 6,975	\$ 1,841,127

Corning Natural Gas Corporation  
Detail of New York State Tax Expense  
For the Rate Year Ended April 30, 2013

	Rate Year <u>Per Company</u>	Co Adj #	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustments</u>	JP As <u>Adjusted</u>
Operating Income Before Taxes and Fixed Charges	\$ 1,752,493		\$ (48,634)		\$ 1,044,436	\$ 2,748,295
Interest Expense	1,212,230		15,802		(103,681)	1,124,351
Amort of Excess Book Depr Reserve	151,619	4A	(303,238)	4A	-	(151,619)
Revenues for Recovery of Root Well, Virgil and Bath	-			4B	(1,303,232)	(1,303,232)
Depr Exp for Recovery of Root Well, Virgil and Bath	-			4C	1,303,232	1,303,232
Revenues for Recovery of Contract 7				4M	(64,000)	(64,000)
Depr Exp for Recovery of Contract 7				4N	64,000	64,000
Disallowed Meal Allowance	-				-	-
Class Life Depreciation	-				-	-
Employee Life Insurance	-				-	-
Deferred Compensation Payments	-		-		-	-
Total Differences and Flow Through Items	151,619		(303,238)		-	(151,619)
ADR Normalized	18,094				-	18,094
ACRS Normalized	(951,968)			4D	198,406	(753,562)
Amortization of Matrix Incentive	22,500				-	22,500
Rate Case Cost 2011	160,000				-	160,000
Rate Case 2005	60,000				-	60,000
Appliance Corp Cost Allocation	(91,954)				-	(91,954)
Uncollectible Accounts - 2006	54,218				-	54,218
Depreciation Study 2007	5,884				-	5,884
OPEB Restoration	4,327				-	4,327
Pension Restoration	2,281				-	2,281
Rate Case 2008	91,000				-	91,000
Section 263A	(24,332)				-	(24,332)
Root Well Revenue applied to Plant	1,234,634			4E	(207,878)	1,026,756
Virgil Surcharges applied to Plant	137,460			4F	(30,677)	106,783
Bath Surcharges applied to Plant	-			4K	169,693	169,693
Contract 7 Revenue Applied to Plant	-			4O	64,000	64,000
Contract 7 CIAC	-			4P	320,000	320,000
Total Timing Differences	722,144				513,544	1,235,688

Corning Natural Gas Corporation  
Detail of New York State Tax Expense  
For the Rate Year Ended April 30, 2013

	Rate Year <u>Per Company</u>	Co Adj #	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustments</u>	JP As <u>Adjusted</u>
Tax Income	\$ 1,414,027		\$ (367,673)		\$ 1,661,661	\$ 2,708,015
Rate	<u>7.10%</u>		<u>7.10%</u>		<u>7.10%</u>	<u>7.10%</u>
Current SIT	100,396		(26,105)		117,978	192,270
ADR Normalized	(1,285)				-	(1,285)
ACRS Normalized	67,590			4G	(14,087)	53,503
Amortization of Matrix Incentive	(1,598)				-	(1,598)
Rate Case Cost 2011	(11,360)				-	(11,360)
Rate Case 2005	(4,260)				-	(4,260)
Appliance Corp Cost Allocations	6,529				-	6,529
Uncollectible Accts - 2006	(3,849)				-	(3,849)
Depreciation Study 2007	(418)				-	(418)
OPEB Restoration	(307)				-	(307)
Pension Restoration	(162)				-	(162)
Rate Case 2008	(6,461)				-	(6,461)
Compressor Station - CIAC tax liability	-	4B	19,597		-	19,597
Root Well CIAC - tax liability	-			4H	824	824
Section 263A	1,728				-	1,728
Root Well Revenues applied to plant	(87,659)			4I	14,759	(72,900)
Virgil Surcharges applied to plant	(9,760)		-	4J	2,178	(7,582)
Bath Surcharges applied to Plant	-		-	4L	(12,408)	(12,408)
Contract 7 Revenues Applied to Plant	-		-	4Q	(4,554)	(4,554)
Contract 7 CIAC	-		-	4R	(22,720)	(22,720)
Total Deferred SIT	\$ (51,272)		\$ 19,597		\$ (36,008)	\$ (67,683)



Corning Natural Gas Corporation  
Detail of Federal Tax Expense  
For the Rate Year Ended April 30, 2013

	Rate Year <u>Per Company</u>	Co Adj #	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustments</u>	JP As <u>Adjusted</u>
Operating Income Before Taxes and Fixed Charges	\$ 1,752,493		\$ (48,634)		\$ 1,044,436	\$ 2,748,295
Interest Expense	1,212,230		15,802		(103,681)	1,124,351
Amort of Excess Book Depr Reserve	151,619	5A	(303,238)	5A	-	(151,619)
Revenues for Recovery of Root Well, Virgil and Bath	-		-	5B	(1,303,232)	(1,303,232)
Depr Exp for Recovery of Root Well, Virgil and Bath	-		-	5C	1,303,232	1,303,232
Revenues for Recovery of Contract 7	-		-	5N	(64,000)	(64,000)
Depr Exp for Recovery of Contract 7	-		-	5O	64,000	64,000
Disallowed Meal Allowance	-		-		-	-
Class Life Depreciation	-		-		-	-
Employee Life Insurance	-		-		-	-
Deferred Compensation Payments	-		-		-	-
Total Permanent Differences and Flow Thru Items	151,619		(303,238)		-	(151,619)
ADR Normalized	18,094		-		-	18,094
ACRS Normalized	(2,940,418)		-	5D	1,116,088	(1,824,330)
Amortization of Matrix Incentive	22,500		-		-	22,500
Rate Case 2011	160,000		-		-	160,000
Rate Case 2005	60,000		-		-	60,000
Appliance Corp Cost Allocation	(91,954)		-		-	(91,954)
Uncollectible Accounts - 2006	54,218		-		-	54,218
Depreciation Study 2007	5,884		-		-	5,884
OPEB Restoration	4,327		-		-	4,327
Pension Restoration	2,281		-		-	2,281
Rate Case 2008	91,000		-		-	91,000
Section 263A	(24,332)		-		-	(24,332)
Root Well Revenues applies to Plant	1,234,634		-	5E	(207,878)	1,026,756
Virgil Surcharges applied to Plant	137,460		-	5F	(30,677)	106,783
Bath Surcharges applied to Plant	-		-	5L	169,693	169,693
Contract 7 Revenue Applied to Plant	-		-	5P	64,000	64,000
Contract 7 CIAC	-		-	5Q	320,000	320,000
	\$ (1,266,306)		\$ -		\$ 1,431,226	\$ 164,920

Corning Natural Gas Corporation  
Detail of Federal Tax Expense  
For the Rate Year Ended April 30, 2013

	Rate Year <u>Per Company</u>	Co Adj #	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustments</u>	JP As <u>Adjusted</u>
SIT Current	\$ 100,396		\$ (26,105)		\$ 117,978	\$ 192,270
Tax Income	(674,819)		(341,568)		2,461,365	1,444,978
Rate	<u>34.00%</u>		<u>34.00%</u>		<u>34.00%</u>	<u>34.00%</u>
Current FIT	(229,438)		(116,133)		836,864	491,292
Provision for Deferred Tax	(1)		-		-	(1)
ADR Normalized	(6,152)		-		-	(6,152)
ACRS Normalized	999,742		-	5G	(379,470)	620,272
Amortization of Matrix Incentive	(7,650)		-		-	(7,650)
Rate Case Cost 2011	(54,400)		-		-	(54,400)
Rate Case 2005	(20,400)		-		-	(20,400)
Appliance Corp Allocation	31,264		-		-	31,264
Uncollectible Accts - 2006	(18,434)		-		-	(18,434)
Depreciation Study 2007	(2,001)		-		-	(2,001)
OPEB Restoration	(1,471)		-		-	(1,471)
Pension Restoration	(776)		-		-	(776)
Rate Case 2008	(30,940)		-		-	(30,940)
Section 263A	8,273		-		-	8,273
Compressor Station - CIAC tax liability	-	5B	87,184			87,184
Compressor Station - Tax Depr	-			5H	(92,488)	(92,488)
Root Well CIAC - tax liability	-			5I	3,946	3,946
Root Well Revenues applied to plant	(419,775)		-	5J	70,678	(349,097)
Virgil Surcharges applied to plant	(46,736)		-	5K	10,430	(36,306)
Bath Surcharges applied to Plant	-		-	5M	(57,696)	(57,696)
Contract 7 Revenues Applied to Plant	-		-	5R	(21,760)	(21,760)
Contract 7 CIAC	-		-	5S	(108,800)	(108,800)
Total Deferred FIT	\$ 430,543		\$ 87,184		\$ (575,160)	\$ (57,433)

Corning Natural Gas Corporation  
Calculation of Interest Deduction  
For the Rate Year Ended April 30, 2013

	Rate Year Per <u>Company</u>	Company <u>Update/Corrections</u>	JP <u>Adjustment</u>	As Adjusted By JP
Rate Base	\$ 35,530,568	\$ 504,865	\$ (207,266)	\$ 35,828,166
Add: Interest Bearing CWIP	-		-	-
Total Debt Base	35,530,568	504,865	(207,266)	35,828,166
Debt Component of Capitalization	3.41%	3.13%	3.14%	3.14%
Total Interest	\$ 1,212,230	\$ 15,802	\$ (103,681)	\$ 1,124,351

	Rate Year Per <u>Company</u>	Co Adj #	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustments</u>	As Adjusted by JP
Plant in Service	52,718,903	6A	(298,893)	6A	(1,386,759)	51,033,251
Root Pipeline Project CIAC	(610,473)		-	6B	(9,857)	(620,330)
Contract 7 Project				6V	640,000	640,000
Contract 7 CIAC				6W	(320,000)	(320,000)
Root Well/Upgrades	2,689,522		-		-	2,689,522
Virgil	1,015,138		-	6C	(15,138)	1,000,000
Non-Interest Bearing CWIP	414,298		-	6O	(414,298)	-
Depreciation reserve	(15,279,538)		-	6D	617,910	(14,661,628)
Accelerated Recovery - Root Well/Upgrades	(2,689,522)		-	6E	757,326	(1,932,196)
Accelerated Recovery - Virgil	(329,464)		-	6F	222,889	(106,575)
Accelerated Recovery - Bath				6S	(62,982)	(62,982)
Accelerated Recovery of Contract 7				6X	(45,275)	(45,275)
New Plant Dedicated to Appliance Corp	(547,719)		-		-	(547,719)
NET PLANT	37,381,145		(298,893)		(16,184)	37,066,068
Gas Stored Underground	-				-	-
Material and Supplies	791,637				-	791,637
Prepayments	835,183				-	835,183
Cash Working Capital	778,589	6B	(352)	6G	20,467	798,703
Deferred Debits	1,232,957				-	1,232,957
Deferred Credits	(179,437)				-	(179,437)
Unamortized Debt Discount & Expense	219,940				-	219,940
Deferred Taxes						
Contract 7 Project CIAC-State	-			6Y	22,341	22,341
Contract 7 Project CIAC-Federal	-			6Z	106,987	106,987
Contract 7 Tax Depreciation-State	-			6AA	1,964	1,964
Contract 7 Tax Depreciation-Federal	-			6AB	(59,973)	(59,973)
Contract 7 -State (Accel. Recovery)	-			6AC	3,215	3,215
Contract 7 - Federal (Accel. Recovery)	-			6AD	15,394	15,394
Root Pipeline Project CIAC-State	43,808				-	43,808
Root Pipeline Project CIAC-Federal	209,786				-	209,786
Root Pipeline Project Tax Depreciation-State	(7,683)				-	(7,683)
Root Pipeline Project Tax Depreciation-Federal	(122,175)				-	(122,175)
Root Well/Upgrades-State (Accel. Recovery)	190,956			6H	(53,770)	137,186
Root Well/Upgrades-Federal (Accel. Recovery)	914,438			6I	(257,491)	656,947
Virgil -State (Accel. Recovery)	23,392			6J	(15,826)	7,566
Virgil -Federal (Accel. Recovery)	112,018			6K	(75,782)	36,236
Bath -State (Accel. Recovery)	-			6T	4,472	4,472
Bath -Federal (Accel. Recovery)	-			6U	21,414	21,414
Compressor Station-State CIAC	731,694	6C	182,855		-	914,549
Compressor Station-Federal CIAC	3,350,851	6D	717,733		-	4,068,584
Compressor Station-State (Tax Depreciation)	(96,791)	6E	21,705		-	(75,086)
Compressor Station-Federal (Tax Depreciation)	(3,315,758)	6F	(949,720)	6L	(50,633)	(4,316,111)
Accel. Depreciation-State	(463,402)			6M, 6Q	16,538	(446,864)
Accel. Depreciation-Federal	(6,969,140)			6N, 6R	330,344	(6,638,796)
State Tax Other-Deferred Debits	(87,540)				-	(87,540)
State Tax Other-Deferred Credits	12,740				-	12,740
Federal Tax Other-Deferred Debits	(419,205)				-	(419,205)
Federal Tax Other-Deferred Credits	61,008		-		-	61,008
TOTAL DEFERRED TAXES	(5,831,003)		(27,427)		9,194	(5,849,236)
Earnings Based Capitalization Adjustment	301,557		831,537		(220,743)	912,351
Rate Base	35,530,568		504,865		(207,266)	35,828,166

Corning Natural Gas Corporation  
Calculation of Cash Working Capital  
For the Rate Year Ended April 30, 2013

	<u>12 months Ended April 30 2013</u>	<u>Company Update/Corrections</u>	<u>JP Adjustment</u>	<u>As Adjusted By JP</u>
O&M Expense	\$ 17,392,057	\$ (2,819)	\$ (549,742)	\$ 16,839,496
Deduct				
Cost of Purchased Gas	10,272,714		-	10,272,714
Uncollectibles	890,635		(713,481)	177,154
	11,163,349		(713,481)	10,449,868
Balance	6,228,708	(2,819)	163,739	6,389,628
Cash Working Capital Allowance @ 1/8	0.1250	0.1250	0.1250	0.1250
Cash Working Capital Allow	\$ 778,589	\$ (352)	\$ 20,467	\$ 798,703

	Twelve Months Ended Dec-10	Co Adj #	Company Update/Corrections	Adj #	JP Adjustment	As Adjusted By JP
<u>Utility Plant in Service</u>						
Total Plant in Service	39,988,239		(535,423)		-	39,452,816
Root Pipeline Project CIAC	(646,943)					(646,943)
Root Well/Upgrades	1,820,337					1,820,337
Virgil	1,015,138					1,015,138
Construction Work in Progress-Non Interest Bearing	414,298				-	414,298
Reserve for Depreciation	(12,950,914)				-	(12,950,914)
Accelerated Recovery - Root Well/Upgrades	(294,062)					(294,062)
Accelerated Recovery - Virgil	(23,600)					(23,600)
Net Plant Allocated to Appliance Corp	<u>(547,718)</u>		<u>-</u>		<u>-</u>	<u>(547,718)</u>
Net Plant In Service	28,774,775	7A	(535,423)		-	28,239,352
<u>Working Capital</u>						
Material and Supply	761,136				-	761,136
Prepayments	732,999				-	732,999
Cash Working Capital	<u>788,162</u>		<u>-</u>		<u>-</u>	<u>788,162</u>
Total Working Capital	2,282,297		-		-	2,282,297
Cash Deposit					-	544,708
Deferred Debits	1,187,142				-	1,187,142
Deferred Credits	(235,799)				-	(235,799)
Unamortized Debt Discount and Expense	294,438				-	294,438
<u>Deferred Taxes</u>						
Root Pipeline Project CIAC-State	45,731					45,731
Root Pipeline Project CIAC-Federal	218,993					218,993
Root Pipeline Project Tax Depreciation-State	(2,556)					(2,556)
Root Pipeline Project Tax Depreciation-Federal	(114,592)					(114,592)
Root Well/Upgrades-State (Accel. Recovery)	20,878					20,878
Root Well/Upgrades-Federal (Accel. Recovery)	99,981					99,981
Virgil -State (Accel. Recovery)	1,676					1,676
Virgil -Federal (Accel. Recovery)	8,024					8,024
Compressor Station-State CIAC	-					-
Compressor Station-Federal CIAC	-					-
Compressor Station-State (Tax Depreciation)	-					-
Compressor Station-Federal (Tax Depreciation)	-					-
Accel. Depreciation-State	(369,018)				-	(369,018)
Accel. Depreciation-Federal	(4,809,458)				-	(4,809,458)
State Tax Other-Deferred Debits	(84,287)				-	(84,287)
State Tax Other-Deferred Credits	16,742				-	16,742
Federal Tax Other-Deferred Debits	(403,628)				-	(403,628)
Federal Tax Other-Deferred Credits	<u>80,172</u>		<u>-</u>		<u>-</u>	<u>80,172</u>
Total Deferred Taxes	(5,291,342)		-		-	(5,291,342)
Total Rate Base	\$ 27,011,511		\$ (535,423)		\$ -	26,476,088
Earning Base Capitalization Adjustment *	<u>2,197,723</u>	7B	<u>(1,064,629)</u>		<u>(220,743)</u>	<u>912,351</u>
Rate Base As Adjusted	\$ 29,209,234		\$ (1,600,052)		(220,743)	27,388,439

\* For Earnings Base purposes the Company incorrectly used a Rate Base of \$28,907,675 rather than the as adjusted Rate Base of \$27,011,509. This use of the adjusted rate base balance has increased the earnings based capitalization adjustment from \$301,557 to \$2,197,723. The Company's updates and corrections decreases earnings base by \$2,431,589 (\$2,197,723 - 301,557+ 535,423 = \$2,431,589)

<u>Capitalization</u>	Twelve Months Ended December 31, 2010	Co Adj #	Company Update/Corrections	Adj #	JP Adjustment	As Adjusted By JP
Common Stock	\$ 12,454,312	8A	\$ (55,985)			\$ 12,398,327
Retained Earnings	<u>2,080,794</u>	8B	<u>(1,200,000)</u>	7A	<u>25,483</u>	<u>\$ 906,277</u>
Total Common Equity	14,535,106		(1,255,985)		25,483	13,304,604
Bonds	10,036,853				-	10,036,853
Short Tem notes Payable	6,073,582			7B	(288,835)	5,784,747
Dividends Declared	53,640				-	53,640
Customer Deposits	230,176				-	230,176
Average GAC Over Collection (Closed)	92,743	8C	(303,285)		-	(210,542)
FAS 106	743,201			7C	42,609	785,810
Supplier Refunds and Customer Refunds	<u>64,900</u>		<u>-</u>		<u>-</u>	<u>64,900</u>
Sub-Total	17,295,095		(303,285)		(246,226)	16,745,584
Less:						
Root Well CIAC in Retained Earnings	381,049				-	381,049
Gas Stored Underground	1,629,250				-	1,629,250
Average GAC Under Collection (Open)	62,953	8D	40,782		-	103,735
Net Plant Dedicated to Appliance Co.	<u>547,718</u>		<u>-</u>		<u>-</u>	<u>547,718</u>
	2,620,970		40,782		-	2,661,752
Average Capitalization	<u>\$ 29,209,231</u>		<u>\$ (1,600,052)</u>		<u>\$ (220,743)</u>	<u>\$ 27,388,436</u>
Rate Base As Calculated	<u>27,011,511</u>		<u>(535,423)</u>		<u>-</u>	<u>26,476,088</u>
Rate Base (Over)/Under Capitalization	\$ 2,197,720		\$ (1,064,629)		\$ (220,743)	\$ 912,348

	<u>TOTAL</u>	<u>DEREGULATED</u>	<u>REGULATED</u>	
<u>Long-Term Debt</u>				
Parent	\$ 13,456,940			
Subsidiary	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
	\$ 13,456,940	\$ 150,955	\$ 13,305,985	
<u>Short-term Debt</u>				
Parent	\$ 6,073,582			
Subsidiary to Parent	<u>-</u>	<u>-</u>	<u>-</u>	
	\$ 6,073,582	\$ 68,131	\$ 6,005,451	
Total debt	\$ 19,530,522	\$ 219,086	\$ 19,311,436	
Customer Deposits	\$ 230,176	\$ -	\$ 230,176	
Common Equity	<u>\$ 17,909,520</u>	<u>\$ 328,631</u>	<u>\$ 17,580,890</u>	
Total	\$ 37,670,218	\$ 547,717	\$ 37,122,502	
	<u>Amount</u>	<u>Structure</u>	<u>Cost Rate</u>	<u>Weighted Average</u>
Total Debt	\$ 19,311,436	52.02%	6.51%	3.39%
Customer Deposit	\$ 230,176	0.62%	3.75%	0.02%
Common Equity	<u>\$ 17,580,890</u>	<u>47.36%</u>	<u>10.90%</u>	<u>5.16%</u>
	\$ 37,122,502	100.00%		8.57%



	<u>TOTAL</u>	<u>DEREGULATED</u>	<u>REGULATED</u>	
<u>Long-Term Debt</u>				
Parent	\$ 13,499,468			
Subsidiary	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
	\$ 13,499,468	\$ 150,955	\$ 13,348,513	
<u>Short-term Debt</u>				
Parent	\$ 5,119,507			
Subsidiary to Parent	<u>-</u>	<u>-</u>	<u>-</u>	
	\$ 5,119,507	\$ 68,132	\$ 5,051,375	
Total debt	\$ 18,618,975	\$ 219,087	\$ 18,399,888	
Customer Deposits	\$ 230,176	\$ -	\$ 230,176	
Common Equity	<u>\$ 17,526,733</u>	<u>\$ 328,631</u>	<u>\$ 17,198,102</u>	
Total	\$ 36,375,884	\$ 547,718	\$ 35,828,166	
	<u>Amount</u>	<u>Structure</u>	<u>Cost Rate</u>	<u>Weighted Average</u>
Total Debt	\$ 18,399,888	51.36%	6.09%	3.13%
Customer Deposit	\$ 230,176	0.64%	1.65%	0.01%
Common Equity	<u>\$ 17,198,102</u>	<u>48.00%</u>	<u>9.50%</u>	<u>4.56%</u>
	\$ 35,828,166	100.00%		7.70%

COMPANY UPDATES/ADJUSTMENTS

OFFICE

AMOUNT

Rate of return

1	A. To adjust Operating Revenues	\$	60,000
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Operations and Maintenance

2	A. To adjust direct labor		(2,881)
	B. To adjust outside services		(3,895)
	C. To adjust other O&M		3,956

Taxes Other Than Income Taxes

3	A. To adjust property taxes		111,453
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NY ST Tax

4	A. To adjust amortization of Book Depr Reserve		(303,238)
	B. To adjust Compressor Station - CIAC tax liability		19,597

FED Tax

5	A. To adjust amortization of Book Depr Reserve		(303,238)
	B. To adjust Compressor Station - CIAC tax liability		87,184

Rate Base

6	A. To adjust Plant in Service		(298,893)
	B. To adjust Cash Working Capital		(352)
	C. To adjust Compressor Station - State CIAC		182,855
	D. To adjust Compressor Station - Federal CIAC		717,733
	E. To adjust Compressor Station - State (Tax Depreciation)		21,705
	F. To adjust Compressor Station - Federal (Tax Depreciation)		(949,720)

Earnings Base Adjustment

7	A. To increase the plant in service to correct for the transfer of projects		(535,423)
	B. To adjust Earnings Base Capitalization Adjustment		(1,064,629)

Capitalization Adjustment

8	A. To decrease common stock to reflect issuance costs		(55,985)
	B. To decrease retained earnings to correct the investment in the associated company account		(1,200,000)
	C. To decrease the GAC undercollection closed cycle to reflect the proper balances		(303,285)
	D. To increase the average GAC under collection open cycle to reflect the proper balance		40,782

<u>JP ADJUSTMENTS</u>		<u>OFFICE</u>	<u>AMOUNT</u>
Rate of Return			
1	A. Adjustment to Operating Revenues		\$ 125,593
	B. Adjustment to Operating Revenues to include assoc GRT		936
	C. Adjustment to Operating Revenues - Local Production		295,284
	D. Adjustment to Depreciation Expense		(34,593)
	E. Adjustment to Accelerated Recovery of Plant		231,674
	F. Adjust Reconnect and Surcharge Revenues		978
Operations and Maintenance			
2	A. Adjustment to direct labor		(96,832)
	B. Adjustment to Supervisory and Indirect labor		(10,042)
	C. Vacation accrual		(5,143)
	D. Adjustment to Insurance		(25,960)
	E. Adjustment to Regulatory Expense		(9,357)
	F. Adjustment to Uncollectibles		
	Remove HEAP adjustment	(600,000)	
	Adjust for Low Income Program	-	
	Remove Uncollectible Associated with GAC	(113,481)	
	Total Adjustment to Uncollectibles		(713,481)
	G. Add in Low Income Program		125,000
	H. Adjustment to Building services		6,327
	I. Adjustment to Transportation expense		(15,893)
	J. Adjustment to Outside Services		(8,049)
	K. Adjustment to Other O&M		(9,371)
	L. Increase outreach and education expense		6,201
	M. Productivity Adjustment		(46,149)
	N. Costs for Consultant to develop and administer Customer Satisfaction Survey		15,000
	O. Pension OPEB update		238,007
Taxes Other Income Taxes			
3	A. Adjust Property Taxes		
	To adjust for 2% property tax cap rate	(260,296)	
	To adjust for 5% allocation of taxes assoc with 330 West Williams St for LGC	(1,257)	(261,553)
	B. Adjust Payroll Taxes		(8,367)
	C. Adjustment to Operating Revenues to include assoc GRT		936
New York State Tax			
4	A. To Adjust Amort of Excess Book Depr Reserve		-
	B. To Adjust Revenues for Recovery of Root Well and Virgil		(1,303,232)
	C. To Adjust Depreciation Exp for Recovery of Root Well and Virgil		1,303,232
	D. To Adjust ACRS Normalized		198,406
	E. To Adjust Root Well Revenue applied to Plant		(207,878)
	F. To Adjust Virgil Surcharges applied to Plant		(30,677)
	G. To Adjust ACRS Normalized		(14,087)
	H. To Adjust Root Well CIAC tax liability		824
	I. To Adjust Root Well Revenue applied to Plant		14,759
	J. To Adjust Virgil Surcharges applied to Plant		2,178
	K. To adjust Bath Surcharges Applied to Plant		169,693
	L. To adjust Bath Surcharges Applied to Plant		(12,408)
	M. To adjust Revenues for Recovery of Dalrymple		(64,000)
	N. To Adjust Depr Exp for Recovery of Dalrymple		64,000
	O. To Adjust Contract 7 Revenue Applied to Plant		64,000
	P. To Adjust Contract 7 CIAC		320,000
	Q. To Adjust Contract 7 Revenue Applied to Plant		(4,554)
	R. To Adjust Contract 7 CIAC		(22,720)

Federal Tax

5	A. To Adjust Amort of Excess Book Depr Reserve	-
	B. To Adjust Revenues for Recovery of Root Well and Virgil	(1,303,232)
	C. To Adjust Depreciation Exp for Recovery of Root Well and Virgil	1,303,232
	D. To Adjust ACRS Normalized	1,116,088
	E. To Adjust Root Well Revenue applied to Plant	(207,878)
	F. To Adjust Virgil Surcharges applied to Plant	(30,677)
	G. To Adjust ACRS Normalized	(379,470)
	H. To Adjust Compressor Station - Tax Depr	(92,488)
	I. To Adjust Root Well CIAC Tax Liability	3,946
	J. To Adjust Root Well Revenues Applied to Plant	70,678
	K. To Adjust Virgil Surcharges applied to Plant	10,430
	L. To adjust Bath Surcharges Applied to Plant	169,693
	M. To adjust Bath Surcharges Applied to Plant	(57,696)
	N. To adjust Revenues for Recovery of Contract 7	(64,000)
	O. To Adjust Depr Exp for Recovery of Contract 7	64,000
	P. To Adjust Contract 7 Revenue Applied to Plant	64,000
	Q. To Adjust Contract 7 CIAC	320,000
	R. To Adjust Contract 7 Revenue Applied to Plant	(21,760)
	S. To Adjust Contract 7 CIAC	(108,800)

Rate Base

6	A. To Adjust Plant in Service	(1,386,759)
	B. To adjust Pipeline Project CIAC	(9,857)
	C. To Adjust Virgil	(15,138)
	D. To Adjust Depreciation Reserve	617,910
	E. To Adjust Acc Recovery - Root Well/Upgrades	757,326
	F. To Adjust Acc Recovery - Virgil	222,889
	G. To Adjust Cash Working Capital	20,467
	H. To Adjust Root Well/Upgrades - State (Accel. Recovery)	(53,770)
	I. To Adjust Root Well/Upgrades - Federal (Accel. Recovery)	(257,491)
	J. To Adjust Virgil -State (Accel. Recovery)	(15,826)
	K. To Adjust Virgil -Federal (Accel. Recovery)	(75,782)
	L. To Adjust Compressor Station - Federal (Tax Depreciation)	(50,633)
	M. To Adjust Accel Depreciation State	8,137
	N. To Adjust Accel Depreciation Federal	548,652
	O. To Adjust Non-Interest Bearing CWIP	(414,298)
	P. Increase Net Plant in Service	978,111
	Q. Adjust State Tax Depreciation	8,401
	R. Adjust Federal Tax Depreciation	(218,308)
	S. To adjust Accelerated Revocery - Bath	(62,982)
	T. To Adjust Bath -State (Accel. Recovery)	4,472
	U. To Adjust Bath -Federal (Accel. Recovery)	21,414
	V. To Adjust Contract 7 Project	640,000
	W. To Adjust Contract 7 CIAC	(320,000)
	X. To Adjust Accelerated Recovery of Contract 7	(45,275)
	Y. To Adjust Contract 7 Project CIAC-State	22,341
	Z. To Adjust Contract 7 Project CIAC-Federal	106,987
	AA. To Adjust Contract 7 Tax Depreciation-State	1,964
	AB. To Adjust Contract 7 Tax Depreciation-Federal	(59,973)
	AC. To Adjust Contract 7 - State (Accel. Recovery)	3,215
	AD. To Adjust Contract 7 - Federal (Accel. Recovery)	15,394

Earning Base/Capitalization Comparison

7	A. To adjust retained earnings	25,483
	B. To adjust short term notes payable	(288,835)
	C. To adjust FAS 106	42,609

Corning Natural Gas Corporation  
Income Statement and Rate of Return Calculation  
For the Rate Year Ended April 30, 2014

	1	2	3	4	5	6	7	8
	Rate year <u>Per Company</u>	Co Adj <u>#</u>	Company <u>Update/Corrections</u>	Adj <u>#</u>	JP <u>Adjustments</u>	As Adjusted By <u>JP</u>	Revenue <u>Requirement</u>	As Finally <u>Adjusted</u>
Operating Revenues	\$ 25,003,134	1A	\$ 60,000	1A, 1B, 1C, 1F	\$ (1,191,960)	\$ 23,871,174	\$ 899,674	\$ 24,770,848
Operating Expenses								
Purchased Gas	10,256,322				-	10,256,322	-	10,256,322
Operating & Maintenance Expense	7,382,132		(2,818)		(607,352)	6,771,962	9,939	6,781,901
Depreciation Expense	1,308,163			1D	(5,766)	1,302,397	-	1,302,397
Accelerated Recovery of Plant	137,460			1E	298,258	435,718		435,718
Taxes Other Than FIT	<u>2,151,025</u>		<u>172,535</u>		<u>(423,352)</u>	<u>1,900,208</u>	<u>6,645</u>	<u>1,906,853</u>
Total Operating Expense	<u>21,235,102</u>		<u>169,717</u>		<u>(738,212)</u>	<u>20,666,607</u>	<u>16,584</u>	<u>20,683,191</u>
Operating Income Before SIT	3,768,032		(109,717)		(453,748)	3,204,567	883,090	4,087,657
State Income Taxes								
Current	236,461		(28,675)		(91,084)	116,702	62,699	179,401
Deferred	<u>(46,458)</u>		<u>19,597</u>		<u>63,878</u>	<u>37,017</u>	<u>-</u>	<u>37,017</u>
Total State Income Taxes	190,003		(9,078)		(27,206)	153,719	62,699	216,418
Operating Income Taxes Before FIT	3,578,029		(100,639)		(426,542)	3,050,848	820,391	3,871,239
Federal Income Taxes								
Current	1,299,877		(127,569)		(402,255)	770,053	278,933	1,048,986
Deferred	<u>(470,405)</u>		<u>87,184</u>		<u>210,493</u>	<u>(172,728)</u>	<u>-</u>	<u>(172,728)</u>
Total Federal Income Taxes	<u>829,472</u>		<u>(40,385)</u>		<u>(191,762)</u>	<u>597,325</u>	<u>278,933</u>	<u>876,258</u>
Operating Income	<u>\$ 2,748,557</u>		<u>\$ (60,254)</u>		<u>\$ (234,781)</u>	<u>\$ 2,453,523</u>	<u>\$ 541,458</u>	<u>\$ 2,994,981</u>
Rate Base	\$ 37,713,086		\$ (277,437)		\$ 1,552,180	\$ 38,987,829		\$ 38,987,829
Rate Base over Capitalization	<u>301,557</u>		<u>-</u>		<u>610,794</u>	<u>912,351</u>		<u>912,351</u>
	\$ 38,014,643		\$ (277,437)		\$ 2,162,974	\$ 39,900,180		\$ 39,900,180
Rate of Return	<u>7.23%</u>					<u>6.15%</u>		<u>7.51%</u>

Corning Natural Gas Corporation  
Detail of Operating and Maintenance Expenses  
For the Rate Year Ended April 30, 2014

<u>Operating Expenses</u>	Rate Year 06/30/10	Co Adj #	Company Update/Corrections	Adj #	JP Adjustment	As Adjusted By JP
Direct Labor	\$ 2,170,171	2A	\$ (2,881)	2A	\$ (130,630)	\$ 2,036,660
Supervisory & Indirect Labor	385,189			2B	(15,690)	369,499
Vacation Accrual	154,113			2C	(7,505)	146,608
Insurance Costs	1,070,645			2D	(53,306)	1,017,339
Regulatory Costs	332,261			2E	(9,357)	322,904
Pensions and OPEBS	692,655			2O	236,332	928,987
Uncollectible Accounts	935,648			2F	(702,182)	233,466
Low Income Program	-			2G	125,000	125,000
Building Services	235,157			2H	6,117	241,274
Transportation	202,408			2I	(16,408)	186,000
Outside Services	525,704	2B	(3,974)	2J	(8,325)	513,405
Inventory	19,742					19,742
Other O&M Costs	658,439	2C	4,037	2K, 2L, 2N	6,477	668,953
Productivity Adjustment	-			2M	(37,875)	(37,875)
Gas Supply Records	-					-
Amortization of Matrix Incentive	-		-		-	-
Total Operating Expense	\$ 7,382,133		\$ (2,818)		\$ (607,352)	\$ 6,771,963

Corning Natural Gas Corporation  
Detail of Taxes Other than Income Tax  
For the Rate Year Ended April 30, 2014

	<u>Rate Year Per Company</u>	<u>Co Adj #</u>	<u>Company Update/Corrections</u>	<u>Adj #</u>	<u>JP Adjustment</u>	<u>As Adjusted By JP</u>	<u>Revenue Requirement</u>	<u>Final Adjusted</u>
Property Tax	\$ 1,724,524	3A	\$ 172,535	3A	\$ (407,249)	\$ 1,489,810	\$ -	\$ 1,489,810
Payroll Taxes	229,111		-	3B	(11,719)	217,392	\$ -	\$ 217,392
Revenue Taxes	<u>197,390</u>		<u>-</u>	3C & 3D	<u>(4,384)</u>	<u>193,006</u>	<u>\$ 6,645</u>	<u>\$ 199,651</u>
Total Taxes Other Than Income Taxes	\$ 2,151,025		\$ 172,535		\$ (423,352)	\$ 1,900,208	\$ 6,645	\$ 1,906,853

Corning Natural Gas Corporation  
Detail of New York State Tax Expense  
For the Rate Year Ended April 30, 2014

	Rate Year <u>Per Company</u>	Co Adj #	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustments</u>	JP As <u>Adjusted</u>
Operating Income Before Taxes and Fixed Charges	\$ 3,768,032		\$ (109,717)		\$ (453,748)	\$ 3,204,567
Interest Expense	1,243,566		(9,076)		(59,080)	1,175,410
Amort of Excess Book Depr Reserve	151,619	4A	(303,238)	4A	-	(151,619)
Revenues for Recovery of Root Well, Virgil and Bath	-			4B	(435,718)	(435,718)
Depr Exp for Recovery of Root Well, Virgil and Bath	-			4C	435,718	435,718
Revenues for Recovery of Contract 7				4M	(64,000)	(64,000)
Depr Exp for Recovery of Contract 7				4N	64,000	64,000
Disallowed Meal Allowance	-				-	-
Class Life Depreciation	-				-	-
Employee Life Insurance	-				-	-
Deferred Compensation Payments	-		-		-	-
Total Differences and Flow Through Items	151,619		(303,238)		-	(151,619)
ADR Normalized	18,094				-	18,094
ACRS Normalized	(1,001,488)			4D	(15,827)	(1,017,315)
Amortization of Matrix Incentive	22,500				-	22,500
Rate Case Cost 2011	160,000				-	160,000
Rate Case 2005	60,000				-	60,000
Appliance Corp Cost Allocation	(91,954)				-	(91,954)
Uncollectible Accounts - 2006	42,546				-	42,546
Depreciation Study 2007	5,884				-	5,884
OPEB Restoration	-				-	-
Pension Restoration	-				-	-
Rate Case 2008	91,000				-	91,000
Section 263A	(24,332)				-	(24,332)
Root Well Revenue applied to Plant	1,234,634			4E	(1,075,393)	159,241
Virgil Surcharges applied to Plant	137,460		-	4F	(30,677)	106,783
Bath Surcharges applied to Plant	-		-	4K	169,693	169,693
Contract 7 Revenue Applied to Plant	-		-	4O	64,000	64,000
Contract 7 CIAC	-		-	4P	-	-
Total Timing Differences	654,344		-		(888,204)	(233,860)



Corning Natural Gas Corporation  
Detail of New York State Tax Expense  
For the Rate Year Ended April 30, 2014

	Rate Year <u>Per Company</u>	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustments</u>	JP As <u>Adjusted</u>
Tax Income	\$ 3,330,430	\$ (403,879)		\$ (1,282,872)	\$ 1,643,679
Rate	<u>7.10%</u>	<u>7.10%</u>		<u>7.10%</u>	<u>7.10%</u>
Current SIT	236,461	(28,675)		(91,084)	116,702
ADR Normalized	(1,285)			-	(1,285)
ACRS Normalized	71,106		4G	1,123	72,229
Amortization of Matrix Incentive	(1,598)			-	(1,598)
Rate Case Cost 2011	(11,360)			-	(11,360)
Rate Case 2005	(4,260)			-	(4,260)
Appliance Corp Cost Allocations	6,529			-	6,529
Uncollectible Accts - 2006	(3,021)			-	(3,021)
Depreciation Study 2007	(418)			-	(418)
OPEB Restoration	-			-	-
Pension Restoration	-			-	-
Rate Case 2008	(6,461)			-	(6,461)
Compressor Station - CIAC tax liability	-	4B 19,597		-	19,597
Root Well CIAC - tax liability	-		4H	824	824
Section 263A	1,728			-	1,728
Root Well Revenues applied to plant	(87,659)		4I	76,353	(11,306)
Virgil Surcharges applied to plant	(9,760)	-	4J	2,180	(7,580)
Bath Surcharges applied to plant	-	-	4L	(12,048)	(12,048)
Contract 7 Revenue Applied to Plant	-	-	4Q	(4,554)	(4,554)
Contract 7 CIAC	-	-	4R	-	-
Total Deferred SIT	\$ (46,458)	\$ 19,597		\$ 63,878	\$ 37,016

Corning Natural Gas Corporation  
Detail of Federal Tax Expense  
For the Rate Year Ended April 30, 2014

	Rate Year <u>Per Company</u>	Co Adj #	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustments</u>	JP As <u>Adjusted</u>
Operating Income Before Taxes and Fixed Charges	\$ 3,768,032		\$ (109,717)		\$ (453,748)	\$ 3,204,567
Interest Expense	1,243,566		(9,076)		(59,080)	1,175,410
Amort of Excess Book Depr Reserve	151,619	5A	(303,238)	5A	-	(151,619)
Revenues for Recovery of Root Well, Virgil and Bath	-			5B	(435,718)	(435,718)
Depr Exp for Recovery of Root Well, Virgil and Bath	-			5C	435,718	435,718
Revenues for Recovery of Contract 7	-			5N	(64,000)	(64,000)
Depr Exp for Recovery of Contract 7	-			5O	64,000	64,000
Disallowed Meal Allowance	-		-		-	-
Class Life Depreciation	-		-		-	-
Employee Life Insurance	-		-		-	-
Deferred Compensation Payments	-		-		-	-
Total Permanent Differences and Flow Thru Items	151,619		(303,238)		-	(151,619)
ADR Normalized	18,094		-		-	18,094
ACRS Normalized	(272,289)		-	5D	(7,141)	(279,430)
Amortization of Matrix Incentive	22,500		-		-	22,500
Rate Case 2011	160,000		-		-	160,000
Rate Case 2005	60,000		-		-	60,000
Appliance Corp Cost Allocation	(91,954)		-		-	(91,954)
Uncollectible Accounts - 2006	42,546		-		-	42,546
Depreciation Study 2007	5,884		-		-	5,884
OPEB Restoration	-		-		-	-
Pension Restoration	-		-		-	-
Rate Case 2008	91,000		-		-	91,000
Section 263A	(24,332)		-		-	(24,332)
Root Well Revenues applies to Plant	1,234,634		-	5E	(1,075,393)	159,241
Virgil Surcharges applied to Plant	137,460		-	5F	(30,677)	106,783
Bath Surcharges applied to Plant	-		-	5L	169,693	169,693
Contract 7 Revenue Applied to Plant	-		-	5P	64,000	64,000
Contract 7 CIAC	-		-	5Q	-	-
	\$ 1,383,543		\$ -		\$ (879,518)	\$ 504,025

Corning Natural Gas Corporation  
Detail of Federal Tax Expense  
For the Rate Year Ended April 30, 2014

	Rate Year <u>Per Company</u>	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustments</u>	JP As <u>Adjusted</u>
SIT Current	\$ 236,461	\$ (28,675)		\$ (91,084)	\$ 116,702
Tax Income	3,823,168	(375,203)		(1,183,102)	2,264,864
Rate	<u>34.00%</u>	<u>34.00%</u>		<u>34.00%</u>	<u>34.00%</u>
Current FIT	1,299,877	(127,569)		(402,255)	770,054
Provision for Deferred Tax	(1)	-		-	(1)
ADR Normalized	(6,152)	-		-	(6,152)
ACRS Normalized	92,578	-	5G	2,428	95,006
Amortization of Matrix Incentive	(7,650)	-		-	(7,650)
Rate Case Cost 2011	(54,400)	-		-	(54,400)
Rate Case 2005	(20,400)	-		-	(20,400)
Appliance Corp Allocation	31,264	-		-	31,264
Uncollectible Accts - 2006	(14,466)	-		-	(14,466)
Depreciation Study 2007	(2,001)	-		-	(2,001)
OPEB Restoration	-	-		-	-
Pension Restoration	-	-		-	-
Rate Case 2008	(30,940)	-		-	(30,940)
Section 263A	8,273	-		-	8,273
Compressor Station - CIAC tax liability	-	5B 87,184		-	87,184
Compressor Station - Tax Depr	-		5H	(92,488)	(92,488)
Root Well CIAC - tax liability	-		5I	3,946	3,946
Root Well Revenues applied to plant	(419,775)	-	5J	365,633	(54,142)
Virgil Surcharges applied to plant	(46,736)	-	5K	10,430	(36,306)
Bath Surchrges applied to plant	-	-	5M	(57,696)	(57,696)
Contract 7 Revenues Applied to Plant	-	-	5R	(21,760)	(21,760)
Contract 7 CIAC	-	-	5S	-	-
Total Deferred FIT	\$ (470,405)	\$ 87,184		\$ 210,493	\$ (172,729)

Corning Natural Gas Corporation  
Calculation of Interest Deduction  
For the Rate Year Ended April 30, 2014

	Rate Year Per <u>Company</u>	Company <u>Update/Corrections</u>	JP <u>Adjustment</u>	As Adjusted <u>By JP</u>
Rate Base	\$ 38,014,643	\$ (277,437)	\$ 2,162,974	\$ 39,900,180
Add: Interest Bearing CWIP	-		-	-
Total Debt Base	38,014,643	(277,437)	2,162,974	39,900,180
Debt Component of Capitalization	3.27%	3.27%	2.95%	2.95%
Total Interest	\$ 1,243,566	\$ (9,076)	\$ (59,080)	\$ 1,175,410

	Rate Year Per <u>Company</u>	Co Adj #	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustments</u>	As Adjusted by JP
Plant in Service	57,864,314	6A	(298,893)	6A	195,959	57,761,380
Root Pipeline Project CIAC	(598,645)		-	6P	(21,685)	(620,330)
Root Well/Upgrades	-		-	6B	2,689,522	2,689,522
Contract 7 Project				6X	640,000	640,000
Contract 7 CIAC				6Y	(320,000)	(320,000)
Virgil	1,015,138		-	6C	(15,138)	1,000,000
Non-Interest Bearing CWIP	414,298		-	6Q	(414,298)	-
Depreciation reserve	(16,520,652)		-	6D	877,903	(15,642,749)
Accelerated Recovery - Root Well/Upgrades	-		-	6E	(2,565,153)	(2,565,153)
Accelerated Recovery - Virgil	(466,924)		-	6F	253,566	(213,358)
Accelerated Recovery - Bath				6U	(232,675)	(232,675)
Accelerated Recovery of Contract 7				6Z	(109,275)	(109,275)
New Plant Dedicated to Appliance Corp	(547,718)		-		-	(547,718)
NET PLANT	41,159,811		(298,893)		978,726	41,839,644
Gas Stored Underground	-				-	-
Material and Supplies	807,670				-	807,670
Prepayments	884,419				-	884,419
Cash Working Capital	807,304	6B	(352)	6G	11,854	818,806
Deferred Debits	955,489				-	955,489
Deferred Credits	(1,034,497)				-	(1,034,497)
Unamortized Debt Discount & Expense	173,420				-	173,420
Deferred Taxes						
Contract 7 Project CIAC-State				6AA	21,962	21,962
Contract 7 Project CIAC-Federal				6AB	105,174	105,174
Contract 7 Tax Depreciation-State				6AC	3,906	3,906
Contract 7 Tax Depreciation-Federal				6AD	(79,500)	(79,500)
Contract 7 - State (Accel. Recovery)				6AE	7,758	7,758
Contract 7 - Federal (Accel. Recovery)				6AF	37,154	37,154
Root Pipeline Project CIAC-State	42,984				-	42,984
Root Pipeline Project CIAC-Federal	205,840				-	205,840
Root Pipeline Project Tax Depreciation-State	(9,517)				-	(9,517)
Root Pipeline Project Tax Depreciation-Federal	(124,558)				-	(124,558)
Root Well/Upgrades-State (Accel. Recovery)	181,408			6H	718	182,126
Root Well/Upgrades-Federal (Accel. Recovery)	868,716			6I	3,436	872,152
Virgil -State (Accel. Recovery)	33,152			6J	(18,004)	15,148
Virgil -Federal (Accel. Recovery)	158,754			6K	(86,213)	72,541
Bath -State (Accel. Recovery)				6V	16,520	16,520
Bath -Federal (Accel. Recovery)				6W	79,110	79,110
Compressor Station-State CIAC	716,015	6C	178,936		-	894,951
Compressor Station-Federal CIAC	3,279,047	6D	702,353		-	3,981,400
Compressor Station-State (Tax Depreciation)	(140,960)	6E	33,544		-	(107,416)
Compressor Station-Federal (Tax Depreciation)	(3,241,989)	6F	(893,025)	6L	(88,608)	(4,223,622)
Accel. Depreciation-State	(532,749)			6M, 6S	22,657	(510,092)
Accel. Depreciation-Federal	(7,509,145)			6N, 6T	535,530	(6,973,615)
State Tax Other-Deferred Debits	(67,840)				-	(67,840)
State Tax Other-Deferred Credits	73,449				-	73,449
Federal Tax Other-Deferred Debits	(324,866)				-	(324,866)
Federal Tax Other-Deferred Credits	351,729		-		-	351,729
TOTAL DEFERRED TAXES	(6,040,530)		21,808		561,600	(5,457,122)
Earnings Based Capitalization Adjustment	301,557		-	6O	610,794	912,351
Rate Base	38,014,643		(277,437)		2,162,974	39,900,180

Corning Natural Gas Corporation  
Calculation of Cash Working Capital  
For the Rate Year Ended April 30, 2014

	12 months Ended <u>April 30 2013</u>	Company <u>Update/Corrections</u>	JP <u>Adjustment</u>	As Adjusted By JP
O&M Expense	\$ 17,638,454	\$ (2,818)	\$ (607,352)	\$ 17,028,284
Deduct				
Cost of Purchased Gas	10,272,714		-	10,272,714
Uncollectibles	935,648		(702,182)	233,466
	11,208,362		(702,182)	10,506,180
Balance	6,430,092	(2,818)	94,830	6,522,104
Cash Working Capital Allowance @ 1/8	0.1250	0.1250	0.1250	0.1250
Cash Working Capital Allow	\$ 803,762	\$ (352)	\$ 11,854	\$ 815,263

	Twelve Months Ended <u>Dec-10</u>	Co Adj #	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustment</u>	As Adjusted <u>By JP</u>
<u>Utility Plant in Service</u>						
Total Plant in Service	39,988,239	7A	(535,423)	-	-	39,452,816
Root Pipeline Project CIAC	(646,943)					(646,943)
Root Well/Upgrades	1,820,337					1,820,337
Virgil	1,015,138					1,015,138
Construction Work in Progress-Non Interest Bearing	414,298				-	414,298
Reserve for Depreciation	(12,950,914)				-	(12,950,914)
Accelerated Recovery - Root Well/Upgrades	(294,062)					(294,062)
Accelerated Recovery - Virgil	(23,600)					(23,600)
Net Plant Allocated to Appliance Corp	<u>(547,718)</u>		<u>-</u>		<u>-</u>	<u>(547,718)</u>
Net Plant In Service	28,774,775		(535,423)	-	-	28,239,352
<u>Working Capital</u>						
Material and Supply	761,136				-	761,136
Prepayments	732,999				-	732,999
Cash Working Capital	<u>788,162</u>		<u>-</u>		<u>(288,835)</u>	<u>499,327</u>
Total Working Capital	2,282,297		-		(288,835)	1,993,462
Cash Deposit					-	544,708
Deferred Debits	1,187,142				-	1,187,142
Deferred Credits	(235,799)				-	(235,799)
Unamortized Debt Discount and Expense	294,438				-	294,438
<u>Deferred Taxes</u>						
Root Pipeline Project CIAC-State	45,731					45,731
Root Pipeline Project CIAC-Federal	218,993					218,993
Root Pipeline Project Tax Depreciation-State	(2,556)					(2,556)
Root Pipeline Project Tax Depreciation-Federal	(114,592)					(114,592)
Root Well/Upgrades-State (Accel. Recovery)	20,878					20,878
Root Well/Upgrades-Federal (Accel. Recovery)	99,981					99,981
Virgil -State (Accel. Recovery)	1,676					1,676
Virgil -Federal (Accel. Recovery)	8,024					8,024
Compressor Station-State CIAC	-					-
Compressor Station-Federal CIAC	-					-
Compressor Station-State (Tax Depreciation)	-					-
Compressor Station-Federal (Tax Depreciation)	-					-
Accel. Depreciation-State	(369,018)				-	(369,018)
Accel. Depreciation-Federal	(4,809,458)				-	(4,809,458)
State Tax Other-Deferred Debits	(84,287)				-	(84,287)
State Tax Other-Deferred Credits	16,742				-	16,742
Federal Tax Other-Deferred Debits	(403,628)				-	(403,628)
Federal Tax Other-Deferred Credits	<u>80,172</u>		<u>-</u>		<u>-</u>	<u>80,172</u>
Total Deferred Taxes	(5,291,342)		-		-	(5,291,342)
Total Rate Base	\$ 27,011,511		\$ (535,423)		\$ (288,835)	26,187,253
Earning Base Capitalization Adjustment	* <u>2,197,723</u>	7B	<u>(1,064,629)</u>		<u>(220,743)</u>	<u>912,351</u>
Rate Base As Adjusted	\$ 29,209,234		\$ (1,600,052)		(509,578)	27,099,604

\* For Earnings Base purposes the Company incorrectly used a Rate Base of \$28,907,675 rather than the as adjusted Rate Base of \$27,011,509. This use of the adjusted rate base balance has increased the earnings based capitalization adjustment from \$301,557 to \$2,197,723. The Company's updates and corrections decreases earnings base by \$2,431,589 (\$2,197,723 - 301,557+ 535,423 = \$2,431,589)

	Twelve Months Ended <u>December 31, 2010</u>	Co Adj #	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustment</u>	As Adjusted <u>By JP</u>
<u>Capitalization</u>						
Common Stock	\$ 12,454,312	8A	\$ (55,985)			\$ 12,398,327
Retained Earnings	<u>2,080,794</u>	8B	<u>(1,200,000)</u>	7A	<u>25,483</u>	<u>\$ 906,277</u>
Total Common Equity	14,535,106		(1,255,985)		25,483	13,304,604
Bonds	10,036,853				-	10,036,853
Short Tem notes Payable	6,073,582			7B	(288,835)	5,784,747
Dividends Declared	53,640				-	53,640
Customer Deposits	230,176				-	230,176
Average GAC Over Collection (Closed)	92,743	8C	(303,285)		-	(210,542)
FAS 106	743,201			7C	42,609	785,810
Supplier Refunds and Customer Refunds	<u>64,900</u>		<u>-</u>		<u>-</u>	<u>64,900</u>
Sub-Total	17,295,095		(303,285)		(246,226)	16,745,584
Less:						
Root Well CIAC in Retained Earnings	381,049				-	381,049
Gas Stored Underground	1,629,250				-	1,629,250
Average GAC Under Collection (Open)	62,953	8D	40,782		-	103,735
Net Plant Dedicated to Appliance Co.	<u>547,718</u>		<u>-</u>		<u>-</u>	<u>547,718</u>
	2,620,970		40,782		-	2,661,752
Average Capitalization	<u>\$ 29,209,231</u>		<u>\$ (1,600,052)</u>		<u>\$ (220,743)</u>	<u>\$ 27,388,436</u>
Rate Base As Calculated	<u>27,011,511</u>		<u>(535,423)</u>		<u>(288,835)</u>	<u>26,187,253</u>
Rate Base (Over)/Under Capitalization	\$ 2,197,720		\$ (1,064,629)		\$ 68,092	\$ 1,201,183



	<u>TOTAL</u>	<u>DEREGULATED</u>	<u>REGULATED</u>
<u>Long-Term Debt</u>			
Parent	\$ 12,909,018		
Subsidiary	\$ -	\$ -	\$ -
	\$ 12,909,018	\$ 148,989	\$ 12,760,029
<u>Short-term Debt</u>			
Parent	\$ 6,073,582		
Subsidiary to Parent	-	-	-
	\$ 6,073,582	\$ 70,098	\$ 6,003,484
Total debt	\$ 18,982,600	\$ 219,087	\$ 18,763,513
Customer Deposits	\$ 230,176	\$ -	\$ 230,176
Common Equity	\$ 18,882,458	\$ 328,631	\$ 18,553,827
Total	\$ 38,095,234	\$ 547,718	\$ 37,547,517

	<u>Amount</u>	<u>Structure</u>	<u>Cost Rate</u>	<u>Weighted Average</u>
Total Debt	\$ 18,763,513	49.97%	6.50%	3.25%
Customer Deposit	\$ 230,176	0.61%	3.75%	0.02%
Common Equity	\$ 18,553,827	49.41%	10.90%	5.39%
	\$ 37,547,517	100.00%		8.66%

	<u>TOTAL</u>	<u>DEREGULATED</u>	<u>REGULATED</u>	
<u>Long-Term Debt</u>				
Parent	\$ 12,965,824			
Subsidiary	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
	\$ 12,965,824	\$ 148,989	\$ 12,816,835	
<u>Short-term Debt</u>				
Parent	\$ 7,769,878			
Subsidiary to Parent	<u>-</u>	<u>-</u>	<u>-</u>	
	\$ 7,769,878	\$ 70,098	\$ 7,699,780	
Total debt	\$ 20,735,702	\$ 219,087	\$ 20,516,615	
Customer Deposits	\$ 230,176	\$ -	\$ 230,176	
Common Equity	<u>\$ 19,153,389</u>	<u>\$ 328,631</u>	<u>\$ 19,153,389</u>	
Total	\$ 40,119,267	\$ 547,718	\$ 39,900,180	
	<u>Amount</u>	<u>Structure</u>	<u>Cost Rate</u>	<u>Weighted Average</u>
Total Debt	\$ 20,516,615	51.42%	5.73%	2.94%
Customer Deposit	\$ 230,176	0.58%	1.65%	0.01%
Common Equity	<u>\$ 19,153,389</u>	<u>48.00%</u>	<u>9.50%</u>	<u>4.56%</u>
	<u>\$ 39,900,180</u>	<u>100.00%</u>		<u>7.51%</u>

COMPANY UPDATES/ADJUSTMENTS

AMOUNT

Rate of return

1	A. To adjust Operating Revenues	\$	60,000
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Operations and Maintenance

2	A. To adjust direct labor		(2,881)
	B. To adjust outside services		(3,974)
	C. To adjust other O&M		4,037

Taxes Other Than Income Taxes

3	A. To adjust property taxes		172,535
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NY ST Tax

4	A. To adjust amortization of Book Depr Reserve		(303,238)
	B. To adjust Compressor Station - CIAC tax liability		19,597

FED Tax

5	A. To adjust amortization of Book Depr Reserve		(303,238)
	B. To adjust Compressor Station - CIAC tax liability		87,184

Rate Base

6	A. To adjust Plant in Service		(298,893)
	B. To adjust Cash Working Capital		(352)
	C. To adjust Compressor Station - State CIAC		178,936
	D. To adjust Compressor Station - Federal CIAC		702,353
	E. To adjust Compressor Station - State (Tax Depreciation)		33,544
	F. To adjust Compressor Station - Federal (Tax Depreciation)		(893,025)

Earnings Base Adjustment

7	A. To increase the plant in service to correct for the transfer of projects		(535,423)
	B. To adjust Earnings Base Capitalization Adjustment		(1,064,629)

Capitalization Adjustment

8	A. To decrease common stock to reflect issuance costs		(55,985)
	B. To decrease retained earnings to correct the investment in the associated company account		(1,200,000)
	C. To decrease the GAC undercollection closed cycle to reflect the proper balances		(303,285)
	D. To increase the average GAC under collection open cycle to reflect the proper balance		40,782

JP ADJUSTMENTS

AMOUNT

Rate of Return

1	A. Adjustment to Operating Revenues	\$	(1,477,209)
	B. Adjustment to Operating Revenues to include assoc GRT		(11,013)
	C. Adjustment to Operating Revenues - Local Production		295,284
	D. Adjustment to Depreciation Expense		(5,766)
	E. Adjustment to Accelerated Recovery of Plant		298,258
	F. Adjust Reconnect and Surcharge Revenues		978

Operations and Maintenance

2	A. Adjustment to direct labor		(130,630)
	B. Adjustment to Supervisory and Indirect labor		(15,690)
	C. Vacation accrual		(7,505)
	D. Adjustment to Insurance		(53,306)
	E. Adjustment to Regulatory Expense		(9,357)
	F. Adjustment to Uncollectibles		
	To Carry Year One Uncollectible Adjustment	7,178	
	To Adjust Uncollectibles due to Rate Year One Staff Rev Req	(5,793)	
	Remove HEAP adjustment	(600,000)	
	Remove Uncollectible Associated with GAC	(113,481)	
	Low Income Program	-	
	Adjust Uncollectibles for Rate Year One Staff Rev Requirement	9,914	
	Total Adjustment to Uncollectibles		(702,182)
	G. Add in Low Income Program		125,000
	H. Adjustment to Building services		6,117
	I. Adjustment to Transportation expense		(16,408)
	J. Adjustment to Outside Services		(8,325)
	K. Adjustment to Other O&M		(9,724)
	L. Increase outreach and education expense		6,201
	M. Productivity Adjustment		(37,875)
	N. Costs for Consultant to develop and administer Customer Satisfaction Survey		10,000
	O. Pension OPEB update		236,332

Taxes Other Income Taxes

3	A. Adjust Property Taxes		
	To adjust for 2% property tax cap rate	(405,967)	
	To adjust for 5% allocation of taxes assoc with 330 West Williams St for LGC	(1,282)	(407,249)
	B. Adjust Payroll Taxes		(11,719)
	C. Adjustment to Operating Revenues to include assoc GRT		(11,013)
	D. To Adjust Revenue Taxes Due to Rate Year One Staff Rev Req		6,629

New York State Tax

4	A. To Adjust Amort of Excess Book Depr Reserve		-
	B. To Adjust Revenues for Recovery of Root Well and Virgil		(435,718)
	C. To Adjust Depreciation Exp for Recovery of Root Well and Virgil		435,718
	D. To Adjust ACRS Normalized		(15,827)
	E. To Adjust Root Well Revenue applied to Plant		(1,075,393)
	F. To Adjust Virgil Surcharges applied to Plant		(30,677)
	G. To Adjust ACRS Normalized		1,123
	H. To Adjust Root Well CIAC tax liability		824
	I. To Adjust Root Well Revenue applied to Plant		76,353
	J. To Adjust Virgil Surcharges applied to Plant		2,180
	K. To adjust Bath Surcharges applied to Plant		169,693
	L. To adjust Bath Surcharges applied to Plant		(12,048)
	M. To adjust Revenues for Recovery of Contract 7		(64,000)
	N. To Adjust Depr Exp for Recovery of Contract 7		64,000
	O. To Adjust Contract 7 Revenue Applied to Plant		64,000
	P. To Adjust Contract 7 CIAC		-
	Q. To Adjust Contract 7 Revenue Applied to Plant		(4,554)
	R. To Adjust Contract 7 CIAC		-

Federal Tax

5	A. To Adjust Amort of Excess Book Depr Reserve	-
	B. To Adjust Revenues for Recovery of Root Well and Virgil	(435,718)
	C. To Adjust Depreciation Exp for Recovery of Root Well and Virgil	435,718
	D. To Adjust ACRS Normalized	(7,141)
	E. To Adjust Root Well Revenue applied to Plant	(1,075,393)
	F. To Adjust Virgil Surcharges applied to Plant	(30,677)
	G. To Adjust ACRS Normalized	2,428
	H. To Adjust Compressor Station - Tax Depr	(92,488)
	I. To Adjust Root Well CIAC Tax Liability	3,946
	J. To Adjust Root Well Revenues Applied to Plant	365,633
	K. To Adjust Virgil Surcharges applied to Plant	10,430
	L. To Adjust Bath Surchrg applied to Plant	169,693
	M. To Adjust Bath Surcharge applied to Plant	(57,696)
	N. To adjust Revenues for Recovery of Contract 7	(64,000)
	O. To Adjust Depr Exp for Recovery of Contract 7	64,000
	P. To Adjust Contract 7 Revenue Applied to Plant	64,000
	Q. To Adjust Contract 7 CIAC	-
	R. To Adjust Contract 7 Revenue Applied to Plant	(21,760)
	S. To Adjust Contract 7 CIAC	-

Rate Base

6	A. To Adjust Plant in Service	195,959
	B. To Adjust Root Well/Upgrades	2,689,522
	C. To Adjust Virgil	(15,138)
	D. To Adjust Depreciation Reserve	877,903
	E. To Adjust Acc Recovery - Root Well/Upgrades	(2,565,153)
	F. To Adjust Acc Recovery - Virgil	253,566
	G. To Adjust Cash Working Capital	11,854
	H. To Adjust Root Well/Upgrades - State (Accel. Recovery)	718
	I. To Adjust Root Well/Upgrades - Federal (Accel. Recovery)	3,436
	J. To Adjust Virgil -State (Accel. Recovery)	(18,004)
	K. To Adjust Virgil -Federal (Accel. Recovery)	(86,213)
	L. To Adjust Compressor Station - Federal (Tax Depreciation)	(88,608)
	M. To Adjust Accel Depreciation State	33,035
	N. To Adjust Accel Depreciation Federal	839,143
	O. To Adjust EBCAP	610,794
	P. To Adjust Root Well CIAC	(21,685)
	Q. To Adjust Non-Interest Bearing CWIP	(414,298)
	R. Adjust Net Plant in Service	1,450,800
	S. Adjust State Tax Depreciation	(10,378)
	T. Adjust Federal Tax Depreciation	(303,613)
	U. Accelerated Recovery Bath	(232,675)
	V. To Adjust Bath -State (Accel. Recovery)	16,520
	W. To Adjust Bath -Federal (Accel. Recovery)	79,110
	X. To Adjust Contract 7 Project	640,000
	Y. To Adjust Contract 7 CIAC	(320,000)
	Z. To Adjust Accelerated Recovery of Contract 7	(109,275)
	AA. To Adjust Contract 7 Project CIAC-State	21,962
	AB. To Adjust Contract 7 Project CIAC-Federal	105,174
	AC. To Adjust Contract 7 Tax Depreciation-State	3,906
	AD. To Adjust Contract 7 Tax Depreciation-Federal	(79,500)
	AE. To Adjust Contract 7 - State (Accel. Recovery)	7,758
	AF. To Adjust Contract 7 - Federal (Accel. Recovery)	37,154

Earning Base/Capitalization Comparison

7	A. To adjust retained earnings	25,483
	B. To adjust short term notes payable	(288,835)
	C. To adjust FAS 106	42,609

Corning Natural Gas Corporation  
Income Statement and Rate of Return Calculation  
For the Rate Year Ended April 30, 2015

	1	2	3	4	5	6	7	8
	Rate year Per Company	Co Adj #	Company Update/Corrections	Adj #	JP Adjustments	As Adjusted By JP	Revenue Requirement	As Finally Adjusted
Operating Revenues	\$ 25,904,599	1A	\$ 60,000	1A, 1B, 1C, 1G	\$ (1,281,155)	\$ 24,683,444	\$ 323,591	\$ 25,007,035
Operating Expenses								
Purchased Gas	10,256,502				-	10,256,502	-	10,256,502
Operating & Maintenance Expense	7,476,827		(2,818)		(686,432)	6,787,577	3,575	6,791,152
Depreciation Expense	1,437,608			1D	(22,246)	1,415,362	-	1,415,362
Accelerated Recovery of Plant	137,460			1E 1F	139,015	276,475		276,475
Taxes Other Than FIT	<u>2,271,277</u>		<u>243,338</u>		<u>(593,012)</u>	<u>1,921,603</u>	<u>2,390</u>	<u>1,923,993</u>
Total Operating Expense	<u>21,579,674</u>		<u>240,520</u>		<u>(1,162,674)</u>	<u>20,657,520</u>	<u>5,965</u>	<u>20,663,484</u>
Operating Income Before SIT	4,324,925		(180,520)		(118,480)	4,025,925	317,626	4,343,551
State Income Taxes								
Current	255,696		(33,820)		(66,008)	155,868	22,551	178,419
Deferred	<u>(30,097)</u>		<u>19,597</u>		<u>67,050</u>	<u>56,550</u>	<u>-</u>	<u>56,550</u>
Total State Income Taxes	225,599		(14,223)		1,042	212,418	22,551	234,969
Operating Income Taxes Before FIT	4,099,326		(166,297)		(119,522)	3,813,507	295,075	4,108,581
Federal Income Taxes								
Current	1,368,859		(150,455)		(364,280)	854,125	100,325	954,450
Deferred	<u>(375,460)</u>		<u>87,184</u>		<u>299,267</u>	<u>10,991</u>	<u>-</u>	<u>10,991</u>
Total Federal Income Taxes	<u>993,399</u>		<u>(63,271)</u>		<u>(65,013)</u>	<u>865,116</u>	<u>100,325</u>	<u>965,441</u>
Operating Income	<u>\$ 3,105,927</u>		<u>\$ (103,026)</u>		<u>\$ (54,510)</u>	<u>\$ 2,948,391</u>	<u>\$ 194,749</u>	<u>\$ 3,143,141</u>
Rate Base	\$ 39,636,650		\$ (228,202)		\$ 1,892,877	\$ 41,301,325		\$ 41,301,325
Rate Base over Capitalization	<u>301,557</u>		<u>-</u>		<u>\$ 610,794</u>	<u>\$ 912,351</u>		<u>\$ 912,351</u>
	\$ 39,938,207		\$ (228,202)		\$ 2,503,671	\$ 42,213,676		\$ 42,213,676
Rate of Return	<u>7.78%</u>					<u>6.98%</u>		<u>7.45%</u>

Corning Natural Gas Corporation  
Detail of Operating and Maintenance Expenses  
For the Rate Year Ended April 30, 2015

<u>Operating Expenses</u>	<u>Rate Year</u> <u>06/30/10</u>	<u>Co Adj</u> <u>#</u>	<u>Company</u> <u>Update/Corrections</u>	<u>Adj</u> <u>#</u>	<u>JP</u> <u>Adjustment</u>	<u>As</u> <u>Adjusted</u> <u>By JP</u>
Direct Labor	\$ 2,246,534	2A	\$ (2,881)	2A	\$ (166,260)	\$ 2,077,393
Supervisory & Indirect Labor	398,555			2B	(21,649)	376,906
Vacation Accrual	159,536			2C	(9,996)	149,540
Insurance Costs	1,121,613			2D	(83,927)	1,037,686
Regulatory Costs	272,820			2E	(9,357)	263,463
Pensions and OPEBS	692,655			2O	236,332	928,987
Uncollectible Accounts	910,879			2F	(693,614)	217,265
Low Income Program	-			2G	125,000	125,000
Building Services	239,950			2H	5,689	245,639
Transportation	206,087			2I	(17,110)	188,977
Outside Services	535,602	2B	(4,059)	2J	(9,070)	522,473
Inventory	20,162					20,162
Other O&M Costs	672,433	2C	4,122	2K, 2L, 2N	5,453	682,008
Productivity Adjustment	-			2M	(47,923)	(47,923)
Gas Supply Records	-					-
Amortization of Matrix Incentive	-		-		-	-
Total Operating Expense	\$ 7,476,827		\$ (2,818)		\$ (686,432)	\$ 6,787,577

Corning Natural Gas Corporation  
Detail of Taxes Other than Income Tax  
For the Rate Year Ended April 30, 2015

	<u>Rate Year Per Company</u>	<u>Co Adj #</u>	<u>Company Update/Corrections</u>	<u>Adj #</u>	<u>JP Adjustment</u>	<u>As Adjusted By JP</u>	<u>Revenue Requirement</u>	<u>Final Adjusted</u>
Property Tax	\$ 1,846,395	3A	\$ 243,338	3A	\$ (570,126)	\$ 1,519,607	\$ -	\$ 1,519,607
Payroll Taxes	239,784		-	3B	(18,044)	\$ 221,740	\$ -	\$ 221,740
Revenue Taxes	<u>185,098</u>		<u>-</u>	3C & 3D	<u>(4,842)</u>	<u>\$ 180,256</u>	<u>\$ 2,390</u>	<u>\$ 182,646</u>
Total Taxes Other Than Income Taxes	\$ 2,271,277		\$ 243,338		\$ (593,012)	\$ 1,921,603	\$ 2,390	\$ 1,923,993



Corning Natural Gas Corporation  
Detail of New York State Tax Expense  
For the Rate Year Ended April 30, 2015

	Rate Year <u>Per Company</u>	Co Adj #	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustments</u>	JP As <u>Adjusted</u>
Operating Income Before Taxes and Fixed Charges	\$ 4,324,925		\$ (180,520)		\$ (118,480)	\$ 4,025,925
Interest Expense	1,299,089		(7,423)		(73,656)	1,218,011
Amort of Excess Book Depr Reserve	151,619	4A	(303,238)	4A	-	(151,619)
Revenues for Recovery of Root Well and Virgil and Bath	-			4B 4N	(276,475)	(276,475)
Depr Exp for Recovery of Root Well and Virgil and Bath	-			4C 4O	276,475	276,475
Revenues for Recovery of Contract 7	-			4R	(64,000)	(64,000)
Depr Exp for Recovery of Contract 7	-			4S	64,000	64,000
Disallowed Meal Allowance	-				-	-
Class Life Depreciation	-				-	-
Employee Life Insurance	-				-	-
Deferred Compensation Payments	-		-		-	-
Total Differences and Flow Through Items	151,619		(303,238)		-	(151,619)
ADR Normalized	18,094		-		-	18,094
ACRS Normalized	(1,153,652)		-	4D	146,748	(1,006,904)
Amortization of Matrix Incentive	22,500		-		-	22,500
Rate Case Cost 2011	160,000		-		-	160,000
Rate Case 2005	1,981		-		-	1,981
Appliance Corp Cost Allocation	(91,954)		-		-	(91,954)
Uncollectible Accounts - 2006	26,205		-		-	26,205
Depreciation Study 2007	1,962		-		-	1,962
OPEB Restoration	-		-		-	-
Pension Restoration	-		-		-	-
Rate Case 2008	91,000		-		-	91,000
Section 263A	(24,332)		-		-	(24,332)
Root Well Revenue applied to Plant	1,234,634		-	4E	(1,234,634)	-
Virgil Surcharges applied to Plant	137,460		-	4F 4L	(30,677)	106,783
Bath Surcharge applied to Plant	-		-	4P	169,693	169,693
Contract 7 Revenue Applied to Plant	-		-	4T	64,000	64,000
Contract 7 CIAC	-		-	4U	-	-
Total Timing Differences	423,898		-		(884,870)	(460,972)

Corning Natural Gas Corporation  
Detail of New York State Tax Expense  
For the Rate Year Ended April 30, 2015

	Rate Year <u>Per Company</u>	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustments</u>	JP As <u>Adjusted</u>
Tax Income	\$ 3,601,354	\$ (476,335)		\$ (929,695)	\$ 2,195,324
Rate	<u>7.10%</u>	<u>7.10%</u>		<u>7.10%</u>	<u>7.10%</u>
Current SIT	255,696	(33,820)		(66,008)	155,869
ADR Normalized	(1,285)			-	(1,285)
ACRS Normalized	81,909		4G	(10,419)	71,490
Amortization of Matrix Incentive	(1,598)			-	(1,598)
Rate Case Cost 2011	(11,360)			-	(11,360)
Rate Case 2005	(141)			-	(141)
Appliance Corp Cost Allocations	6,529			-	6,529
Uncollectible Accts - 2006	(1,861)			-	(1,861)
Depreciation Study 2007	(139)			-	(139)
OPEB Restoration	-			-	-
Pension Restoration	-			-	-
Rate Case 2008	(6,461)			-	(6,461)
Compressor Station - CIAC tax liability	-	4B 19,597		-	19,597
Root Well CIAC - tax liability	-		4H	824	824
Root Well/Upgrades - State (Accel - Recov)	-		4I	3,410	3,410
Section 263A	1,728			-	1,728
Root Well Revenues applied to plant	(87,659)		4J	87,659	-
Virgil Surcharges applied to plant	(9,760)	-	4K 4M	2,178	(7,582)
Bath Surcharge applied to plant	-	-	4Q	(12,048)	(12,048)
Contract 7 Revenue Applied to Plant	-	-	4V	(4,554)	(4,554)
Contract 7 CIAC	-	-	4W	-	-
Total Deferred SIT	\$ (30,097)	\$ 19,597		\$ 67,050	\$ 56,549

Corning Natural Gas Corporation  
Detail of Federal Tax Expense  
For the Rate Year Ended April 30, 2015

	Rate Year <u>Per Company</u>	Co Adj #	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustments</u>	JP As <u>Adjusted</u>
Operating Income Before Taxes and Fixed Charges	\$ 4,324,925		\$ (180,520)		\$ (118,480)	\$ 4,025,925
Interest Expense	1,299,089		(7,423)		(73,656)	1,218,011
Amort of Excess Book Depr Reserve	151,619	5A	(303,238)	5A	-	(151,619)
Revenues for Recovery of Root Well and Virgil	-			5B, 5N	(276,475)	(276,475)
Depr Exp for Recovery of Root Well and Virgil	-			5C, 5O	276,475	276,475
Revenues for Recovery of Contract 7	-			5R	(64,000)	(64,000)
Depr Exp for Recovery of Contract 7	-			5S	64,000	64,000
Disallowed Meal Allowance	-		-		-	-
Class Life Depreciation	-		-		-	-
Employee Life Insurance	-		-		-	-
Deferred Compensation Payments	-		-		-	-
Total Permanent Differences and Flow Thru Items	151,619		(303,238)		-	(151,619)
ADR Normalized	18,094		-		-	18,094
ACRS Normalized	(473,255)		-	5D	(60,975)	(534,230)
Amortization of Matrix Incentive	22,500		-		-	22,500
Rate Case 2011	160,000		-		-	160,000
Rate Case 2005	1,981		-		-	1,981
Appliance Corp Cost Allocation	(91,954)		-		-	(91,954)
Uncollectible Accounts - 2006	26,205		-		-	26,205
Depreciation Study 2007	1,962		-		-	1,962
OPEB Restoration	-		-		-	-
Pension Restoration	-		-		-	-
Rate Case 2008	91,000		-		-	91,000
Section 263A	(24,332)		-		-	(24,332)
Root Well Revenues applies to Plant	1,234,634		-	5E	(1,234,634)	-
Virgil Surcharges applied to Plant	137,460		-	5F 5M	(30,677)	106,783
Bath Surcharge applied to plant	-		-	5P	169,692	169,692
Contract 7 Revenue Applied to Plant	-		-	5T	64,000	64,000
Contract 7 CIAC	-		-	5U	-	-
	\$ 1,104,295		\$ -		\$ (1,092,594)	\$ 11,701

Corning Natural Gas Corporation  
Detail of Federal Tax Expense  
For the Rate Year Ended April 30, 2015

	Rate Year <u>Per Company</u>	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustments</u>	JP As <u>Adjusted</u>
SIT Current	\$ 255,696	\$ (33,820)		\$ (66,008)	\$ 155,869
Tax Income	4,026,055	(442,514)		(1,071,411)	2,512,130
Rate	<u>34.00%</u>	<u>34.00%</u>		<u>34.00%</u>	<u>34.00%</u>
Current FIT	1,368,859	(150,455)		(364,280)	854,124
Provision for Deferred Tax	(1)	-		-	(1)
ADR Normalized	(6,152)	-		-	(6,152)
ACRS Normalized	160,907	-	5G	20,731	181,638
Amortization of Matrix Incentive	(7,650)	-		-	(7,650)
Rate Case Cost 2011	(54,400)	-		-	(54,400)
Rate Case 2005	(674)	-		-	(674)
Appliance Corp Allocation	31,264	-		-	31,264
Uncollectible Accts - 2006	(8,910)	-		-	(8,910)
Depreciation Study 2007	(667)	-		-	(667)
OPEB Restoration	-	-		-	-
Pension Restoration	-	-		-	-
Rate Case 2008	(30,940)	-		-	(30,940)
Section 263A	8,273	-		-	8,273
Compressor Station - CIAC tax liability	-	5B 87,184		-	87,184
Compressor Station - Tax Depr	-		5H	(92,488)	(92,488)
Root Well CIAC - tax liability	-		5I	3,946	3,946
Root Well/Upgrades - Federal (Accel - Recov)	-		5J	16,329	16,329
Root Well Revenues applied to plant	(419,775)	-	5K	419,775	-
Virgil Surcharges applied to plant	(46,736)	-	5L 5N	10,430	(36,306)
Bath Surcharge applied to plant	-	-	5Q	(57,696)	(57,696)
Contract 7 Revenues Applied to Plant	-	-	5V	(21,760)	(21,760)
Contract 7 CIAC	-	-	5W	-	-
Total Deferred FIT	\$ (375,460)	\$ 87,184		\$ 299,267	\$ 10,990

Corning Natural Gas Corporation  
Calculation of Interest Deduction  
For the Rate Year Ended April 30, 2015

	Rate Year Per <u>Company</u>	Company <u>Update/Corrections</u>	JP <u>Adjustment</u>	As Adjusted By JP
Rate Base	\$ 39,938,207	\$ (228,202)	\$ 2,503,671	\$ 42,213,676
Add: Interest Bearing CWIP	-		-	-
Total Debt Base	39,938,207	(228,202)	2,503,671	42,213,676
Debt Component of Capitalization	3.25%	3.25%	2.89%	2.89%
Total Interest	\$ 1,299,089	\$ (7,423)	\$ (73,656)	\$ 1,218,011

	Rate Year Per Company	Co Adj #	Company Update/Corrections	Adj #	JP Adjustments	As Adjusted by JP
Plant in Service	62,298,082	6A	(298,893)	6A	625,090	62,624,279
Root Pipeline Project CIAC	(586,817)		-	6O	(33,513)	(620,330)
Root Well/Upgrades	-		-	6B	2,689,522	2,689,522
Contract 7 Project	-		-	6X	640,000	640,000
Contract 7 CIAC	-		-	6Y	(320,000)	(320,000)
Virgil	1,015,138		-	6P	(15,138)	1,000,000
Non-Interest Bearing CWIP	414,298		-	6Q	(414,298)	-
Depreciation reserve	(17,893,561)		-	6C	1,117,475	(16,776,086)
Accelerated Recovery - Root Well/Upgrades	-		-	6D	(2,689,522)	(2,689,522)
Accelerated Recovery - Virgil	(604,384)		-	6E	284,243	(320,141)
Accelerated Recovery Bath				6U	(402,367)	(402,367)
Accelerated Recovery of Contract 7				6Z	(173,275)	(173,275)
New Plant Dedicated to Appliance Corp	(547,718)		-		-	(547,718)
NET PLANT	44,095,038		(298,893)		1,308,217	45,104,362
Gas Stored Underground	-				-	-
Material and Supplies	824,837				-	824,837
Prepayments	937,135				-	937,135
Cash Working Capital	819,961	6B	(352)	6F	898	820,507
Deferred Debits	728,996				-	728,996
Deferred Credits	(2,145,619)				-	(2,145,619)
Unamortized Debt Discount & Expense	123,197				-	123,197
Deferred Taxes						
Contract 7 Project CIAC-State				6AA	21,583	21,583
Contract 7 Project CIAC-Federal				6AB	103,361	103,361
Contract 7 Tax Depreciation-State				6AC	5,373	5,373
Contract 7 Tax Depreciation-Federal				6AD	(65,110)	(65,110)
Contract 7 - State (Accel. Recovery)				6AE	12,303	12,303
Contract 7 - Federal (Accel. Recovery)				6AF	58,914	58,914
Root Pipeline Project CIAC-State	42,160				-	42,160
Root Pipeline Project CIAC-Federal	201,895				-	201,895
Root Pipeline Project Tax Depreciation-State	(11,152)				-	(11,152)
Root Pipeline Project Tax Depreciation-Federal	(126,460)				-	(126,460)
Root Well/Upgrades-State (Accel. Recovery)	171,860			6G	19,096	190,956
Root Well/Upgrades-Federal (Accel. Recovery)	822,994			6H	91,443	914,437
Virgil -State (Accel. Recovery)	42,911			6I	(20,181)	22,730
Virgil -Federal (Accel. Recovery)	205,491			6J	(96,644)	108,847
Bath -State (Accel. Recovery)				6V	28,568	28,568
Bath -Federal (Accel. Recovery)				6W	136,805	136,805
Compressor Station-State CIAC	700,336	6C	175,018		-	875,354
Compressor Station-Federal CIAC	3,207,243	6D	686,973		-	3,894,216
Compressor Station-State (Tax Depreciation)	(179,196)	6E	45,383		-	(133,813)
Compressor Station-Federal (Tax Depreciation)	(3,168,221)	6F	(836,331)	6K	(126,583)	(4,131,135)
Accel. Depreciation-State	(609,257)			6L, 6S	27,307	(581,950)
Accel. Depreciation-Federal	(7,629,731)			6M, 6T	523,951	(7,105,780)
State Tax Other-Deferred Debits	(51,759)				-	(51,759)
State Tax Other-Deferred Credits	152,339				-	152,339
Federal Tax Other-Deferred Debits	(247,859)				-	(247,859)
Federal Tax Other-Deferred Credits	729,511		-		-	729,511
TOTAL DEFERRED TAXES	(5,746,895)		71,043		583,762	(5,092,090)
Earnings Based Capitalization Adjustment	301,557		-	6N	610,794	912,351
Rate Base	39,938,207		(228,202)		2,503,671	42,213,676

Corning Natural Gas Corporation  
Calculation of Cash Working Capital  
For the Rate Year Ended April 30, 2015

	<u>12 months Ended April 30 2013</u>	<u>Company Update/Corrections</u>	<u>JP Adjustment</u>	<u>As Adjusted By JP</u>
O&M Expense	\$ 17,733,329	\$ (2,818)	\$ (686,432)	\$ 17,044,079
Deduct				
Cost of Purchased Gas	10,272,714		-	10,272,714
Uncollectibles	910,879		(693,614)	217,265
	11,183,593		(693,614)	10,489,979
Balance	6,549,736	(2,818)	7,182	6,554,100
Cash Working Capital Allowance @ 1/8	0.1250	0.1250	0.1250	0.1250
Cash Working Capital Allow	\$ 818,717	\$ (352)	\$ 898	\$ 819,263

	Twelve Months Ended <u>Dec-10</u>	Co Adj #	Company <u>Update/Corrections</u>	Adj #	JP <u>Adjustment</u>	As Adjusted <u>By JP</u>
<u>Utility Plant in Service</u>						
Total Plant in Service	39,988,239	7A	(535,423)	-	-	39,452,816
Root Pipeline Project CIAC	(646,943)					(646,943)
Root Well/Upgrades	1,820,337					1,820,337
Virgil	1,015,138					1,015,138
Construction Work in Progress-Non Interest Bearing	414,298				-	414,298
Reserve for Depreciation	(12,950,914)				-	(12,950,914)
Accelerated Recovery - Root Well/Upgrades	(294,062)					(294,062)
Accelerated Recovery - Virgil	(23,600)					(23,600)
Net Plant Allocated to Appliance Corp	<u>(547,718)</u>		<u>-</u>		<u>-</u>	<u>(547,718)</u>
Net Plant In Service	28,774,775		(535,423)	-	-	28,239,352
<u>Working Capital</u>						
Material and Supply	761,136				-	761,136
Prepayments	732,999				-	732,999
Cash Working Capital	<u>788,162</u>		<u>-</u>		<u>(288,835)</u>	<u>499,327</u>
Total Working Capital	2,282,297		-		(288,835)	1,993,462
Cash Deposit					-	544,708
Deferred Debits	1,187,142				-	1,187,142
Deferred Credits	(235,799)				-	(235,799)
Unamortized Debt Discount and Expense	294,438				-	294,438
<u>Deferred Taxes</u>						
Root Pipeline Project CIAC-State	45,731					45,731
Root Pipeline Project CIAC-Federal	218,993					218,993
Root Pipeline Project Tax Depreciation-State	(2,556)					(2,556)
Root Pipeline Project Tax Depreciation-Federal	(114,592)					(114,592)
Root Well/Upgrades-State (Accel. Recovery)	20,878					20,878
Root Well/Upgrades-Federal (Accel. Recovery)	99,981					99,981
Virgil -State (Accel. Recovery)	1,676					1,676
Virgil -Federal (Accel. Recovery)	8,024					8,024
Compressor Station-State CIAC	-					-
Compressor Station-Federal CIAC	-					-
Compressor Station-State (Tax Depreciation)	-					-
Compressor Station-Federal (Tax Depreciation)	-					-
Accel. Depreciation-State	(369,018)				-	(369,018)
Accel. Depreciation-Federal	(4,809,458)				-	(4,809,458)
State Tax Other-Deferred Debits	(84,287)				-	(84,287)
State Tax Other-Deferred Credits	16,742				-	16,742
Federal Tax Other-Deferred Debits	(403,628)				-	(403,628)
Federal Tax Other-Deferred Credits	<u>80,172</u>		<u>-</u>		<u>-</u>	<u>80,172</u>
Total Deferred Taxes	(5,291,342)		-		-	(5,291,342)
Total Rate Base	\$ 27,011,511		\$ (535,423)		\$ (288,835)	26,187,253
Earning Base Capitalization Adjustment	* <u>2,197,723</u>	7B	<u>(1,064,629)</u>		<u>(220,743)</u>	<u>912,351</u>
Rate Base As Adjusted	\$ 29,209,234		\$ (1,600,052)		(509,578)	27,099,604

\* For Earnings Base purposes the Company incorrectly used a Rate Base of \$28,907,675 rather than the as adjusted Rate Base of \$27,011,509. This use of the adjusted rate base balance has increased the earnings based capitalization adjustment from \$301,557 to \$2,197,723. The Company's updates and corrections decreases earnings base by \$2,431,589 (\$2,197,723 - 301,557+ 535,423 = \$2,431,589)



<u>Capitalization</u>	Twelve Months Ended December 31, 2010	Co Adj #	Company Update/Corrections	Adj #	JP Adjustment	As Adjusted By JP
Common Stock	\$ 12,454,312	8A	\$ (55,985)			\$ 12,398,327
Retained Earnings	<u>2,080,794</u>	8B	<u>(1,200,000)</u>	7A	<u>25,483</u>	<u>\$ 906,277</u>
Total Common Equity	14,535,106		(1,255,985)		25,483	13,304,604
Bonds	10,036,853				-	10,036,853
Short Term notes Payable	6,073,582			7B	(288,835)	5,784,747
Dividends Declared	53,640				-	53,640
Customer Deposits	230,176				-	230,176
Average GAC Over Collection (Closed)	92,743	8C	(303,285)		-	(210,542)
FAS 106	743,201			7C	42,609	785,810
Supplier Refunds and Customer Refunds	<u>64,900</u>		<u>-</u>		<u>-</u>	<u>64,900</u>
Sub-Total	17,295,095		(303,285)		(246,226)	16,745,584
Less:						
Root Well CIAC in Retained Earnings	381,049				-	381,049
Gas Stored Underground	1,629,250				-	1,629,250
Average GAC Under Collection (Open)	62,953	8D	40,782		-	103,735
Net Plant Dedicated to Appliance Co.	<u>547,718</u>		<u>-</u>		<u>-</u>	<u>547,718</u>
	2,620,970		40,782		-	2,661,752
Average Capitalization	<u>\$ 29,209,231</u>		<u>\$ (1,600,052)</u>		<u>\$ (220,743)</u>	<u>\$ 27,388,436</u>
Rate Base As Calculated	<u>27,011,511</u>		<u>(535,423)</u>		<u>(288,835)</u>	<u>26,187,253</u>
Rate Base (Over)/Under Capitalization	\$ 2,197,720		\$ (1,064,629)		\$ 68,092	\$ 1,201,183

	<u>TOTAL</u>	<u>DEREGULATED</u>	<u>REGULATED</u>
<u>Long-Term Debt</u>			
Parent	\$ 13,314,326		
Subsidiary	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	\$ 13,314,326	\$ 148,989	\$ 13,165,337
<u>Short-term Debt</u>			
Parent	\$ 6,075,053		
Subsidiary to Parent	<u>-</u>	<u>-</u>	<u>-</u>
	\$ 6,075,053	\$ 70,098	\$ 6,004,955
Total debt	\$ 19,389,379	\$ 219,087	\$ 19,170,292
Customer Deposits	\$ 230,176	\$ -	\$ 230,176
Common Equity	<u>\$ 19,395,048</u>	<u>\$ 328,631</u>	<u>\$ 19,066,417</u>
Total	\$ 39,014,603	\$ 547,718	\$ 38,466,886

	<u>Amount</u>	<u>Structure</u>	<u>Cost Rate</u>	<u>Weighted Average</u>
Total Debt	\$ 19,170,292	49.84%	6.48%	3.23%
Customer Deposit	\$ 230,176	0.60%	3.75%	0.02%
Common Equity	<u>\$ 19,066,417</u>	<u>49.57%</u>	<u>10.90%</u>	<u>5.40%</u>
	\$ 38,466,886	100.00%		8.66%

	<u>TOTAL</u>	<u>DEREGULATED</u>	<u>REGULATED</u>	
<u>Long-Term Debt</u>				
Parent	\$ 13,364,520			
Subsidiary	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
	\$ 13,364,520	\$ 148,989	\$ 13,215,531	
<u>Short-term Debt</u>				
Parent	\$ 8,573,533			
Subsidiary to Parent	<u>-</u>	<u>-</u>	<u>-</u>	
	\$ 8,573,533	\$ 70,098	\$ 8,503,435	
Total debt	\$ 21,938,053	\$ 219,087	\$ 21,718,966	
Customer Deposits	\$ 230,176	\$ -	\$ 230,176	
Common Equity	<u>\$ 19,759,238</u>	<u>\$ 328,631</u>	<u>\$ 20,264,534</u>	
Total	\$ 41,927,467	\$ 547,718	\$ 42,213,676	
	<u>Amount</u>	<u>Structure</u>	<u>Cost Rate</u>	<u>Weighted Average</u>
Total Debt	\$ 21,718,966	51.45%	5.61%	2.88%
Customer Deposit	\$ 230,176	0.55%	1.65%	0.01%
Common Equity	<u>\$ 20,264,534</u>	<u>48.00%</u>	<u>9.50%</u>	<u>4.56%</u>
	\$ 42,213,676	100.00%		7.45%

<u>COMPANY UPDATES/ADJUSTMENTS</u>		<u>OFFICE</u>	<u>AMOUNT</u>
Rate of return			
1	A. To adjust Operating Revenues	\$	60,000
Operations and Maintenance			
2	A. To adjust direct labor		(2,881)
	B. To adjust outside services		(4,059)
	C. To adjust other O&M		4,122
Taxes Other Than Income Taxes			
3	A. To adjust property taxes		243,338
NY ST Tax			
4	A. To adjust amortization of Book Depr Reserve		(303,238)
	B. To adjust Compressor Station - CIAC tax liability		19,597
FED Tax			
5	A. To adjust amortization of Book Depr Reserve		(303,238)
	B. To adjust Compressor Station - CIAC tax liability		87,184
Rate Base			
6	A. To adjust Plant in Service		(298,893)
	B. To adjust Cash Working Capital		(352)
	C. To adjust Compressor Station - State CIAC		175,018
	D. To adjust Compressor Station - Federal CIAC		686,973
	E. To adjust Compressor Station - State (Tax Depreciation)		45,383
	F. To adjust Compressor Station - Federal (Tax Depreciation)		(836,331)
Earnings Base Adjustment			
7	A. To increase the plant in service to correct for the transfer of projects		(535,423)
	B. To adjust Earnings Base Capitalization Adjustment		(1,064,629)
Capitalization Adjustment			
8	A. To decrease common stock to reflect issuance costs		(55,985)
	B. To decrease retained earnings to correct the investment in the associated company account		(1,200,000)
	C. To decrease the GAC undercollection closed cycle to reflect the proper balances		(303,285)
	D. To increase the average GAC under collection open cycle to reflect the proper balance		40,782

JP ADJUSTMENTS

OFFICE

AMOUNT

Rate of Return

1	A. Adjustment to Operating Revenues		\$	(1,565,744)
	B. Adjustment to Operating Revenues to include assoc GRT			(11,673)
	C. Adjustment to Operating Revenues - Local Production			295,284
	D. Adjustment to Depreciation Expense			(22,246)
	E. Adjustment to Accelerated Recovery of Plant			(30,677)
	F. Bath Surcharge			169,692
	G. Adjust Reconnect and Surcharge Revenues			978

Operations and Maintenance

2	A. Adjustment to direct labor			(166,260)
	B. Adjustment to Supervisory and Indirect labor			(21,649)
	C. Vacation accrual			(9,996)
	D. Adjustment to Insurance			(83,927)
	E. Adjustment to Regulatory Expense			(9,357)
	F. Adjustment to Uncollectibles			
	To Carry Year One Uncollectible Adjustment	9,651		
	Remove HEAP adjustment	(600,000)		
	Adjust for Low Income Program	-		
	Adjust Uncollectibles for Rate Year Two Staff Rev Requirement	10,216		
	Remove Uncollectible Associated with GAC	(113,481)		
	Total Adjustment to Uncollectibles			(693,614)
	G. Add in Low Income Program			125,000
	H. Adjustment to Building services			5,689
	I. Adjustment to Transportation expense			(17,110)
	J. Adjustment to Outside Services			(9,070)
	K. Adjustment to Other O&M			(10,748)
	L. Increase outreach and education expense			6,201
	M. Productivity Adjustment			(47,923)
	N. Costs for Consultant to develop and administer Customer Satisfaction Survey			10,000
	O. Pension OPEB update			236,332

Taxes Other Income Taxes

3	A. Adjust Property Taxes			
	To adjust for 2% property tax cap rate	(568,819)		
	To adjust for 5% allocation of taxes assocwith 330 West Williams St for LGC	(1,307)		(570,126)
	B. Adjust Payroll Taxes			(18,044)
	C. Adjustment to Operating Revenues to include assoc GRT			(11,673)
	D. To Adjust Revenue Taxes Due to Rate Year One Staff Rev Req			6,831

New York State Tax

4	A. To Adjust Amort of Excess Book Depr Reserve			-
	B. To Adjust Revenues for Recovery of Root Well and Virgil			(106,783)
	C. To Adjust Depreciation Exp for Recovery of Root Well and Virgil			106,783
	D. To Adjust ACRS Normalized			146,748
	E. To Adjust Root Well Revenue applied to Plant			(1,234,634)
	F. To Adjust Virgil Surcharges applied to Plant			(30,677)
	G. To Adjust ACRS Normalized			(10,419)
	H. To Adjust Root Well CIAC tax liability			824
	I. To Adjust Root Well/Upgrades - State (Accel Recov)			3,410
	J. To Adjust Root Well Revenue applied to Plant			87,659
	K. To Adjust Virgil Surcharges applied to Plant			2,180
	L. Bath Deferred Tax			-
	M. Bath			(2)
	N. To Adjust Revenues for Recovery of Root Well and Virgil and Bath			(169,692)
	O. To Adjust Depreciation Exp for Recovery of Root Well and Virgil and Bath			169,692
	P. Bath Surcharge Applied to Plant			169,693
	Q. Bath Surcharge Applied to Plant			(12,048)
	R. To adjust Revenues for Recovery of Contract 7			(64,000)
	S. To Adjust Depr Exp for Recovery of Contract 7			64,000
	T. To Adjust Contract 7 Revenue Applied to Plant			64,000
	U. To Adjust Contract 7 CIAC			-
	V. To Adjust Contract 7 Revenue Applied to Plant			(4,554)
	W. To Adjust Contract 7 CIAC			-

5	A. To Adjust Amort of Excess Book Depr Reserve	-
	B. To Adjust Revenues for Recovery of Root Well and Virgil	(106,783)
	C. To Adjust Depreciation Exp for Recovery of Root Well and Virgil	106,783
	D. To Adjust ACRS Normalized	(60,975)
	E. To Adjust Root Well Revenue applied to Plant	(1,234,634)
	F. To Adjust Virgil Surcharges applied to Plant	(30,677)
	G. To Adjust ACRS Normalized	20,731
	H. To Adjust Compressor Station - Tax Depr	(92,488)
	I. To Adjust Root Well CIAC Tax Liability	3,946
	J. To Adjust Root Well/Upgrades - Federal (Accel - recov)	16,329
	K. To Adjust Root Well Revenues Applied to Plant	419,775
	L. To Adjust Virgil Surcharges applied to Plant	10,430
	M. Bath Deferred Tax	-
	N. Bath	-
	N. To Adjust Revenues for Recovery of Root Well and Virgil and Bath	(169,692)
	O. To Adjust Depreciation Exp for Recovery of Root Well and Virgil and Bath	169,692
	P. Bath Surcharge Applied to Plant	169,692
	Q. Bath Surcharge Applied to Plant	(57,696)
	R. To adjust Revenues for Recovery of Contract 7	(64,000)
	S. To Adjust Depr Exp for Recovery of Contract 7	64,000
	T. To Adjust Contract 7 Revenue Applied to Plant	64,000
	U. To Adjust Contract 7 CIAC	-
	V. To Adjust Contract 7 Revenue Applied to Plant	(21,760)
	W. To Adjust Contract 7 CIAC	-

Rate Base

6	A. To Adjust Plant in Service	625,090
	B. To Adjust Root Well/Upgrades	2,689,522
	C. To Adjust Depreciation Reserve	1,117,475
	D. To Adjust Acc Recovery - Root Well/Upgrades	(2,689,522)
	E. To Adjust Acc Recovery - Virgil	284,243
	F. To Adjust Cash Working Capital	898
	G. To Adjust Root Well/Upgrades - State (Accel. Recovery)	19,096
	H. To Adjust Root Well/Upgrades - Federal (Accel. Recovery)	91,443
	I. To Adjust Virgil -State (Accel. Recovery)	(20,181)
	J. To Adjust Virgil -Federal (Accel. Recovery)	(96,644)
	K. To Adjust Compressor Station - Federal (Tax Depreciation)	(126,583)
	L. To Adjust Accel Depreciation State	17,291
	M. To Adjust Accel Depreciation Federal	932,622
	N. To Adjust EBCAP	610,794
	O. To Adjust Root Well CIAC	(33,513)
	P. To Adjust Virgil	(15,138)
	Q. To Adjust Non-Interest Bearing CWIP	(414,298)
	R. Adjust Net Plant in Service	1,642,523
	S. Adjust State Tax Depreciation	10,016
	T. Adjust Federal Tax Depreciation	(408,671)
	U. Accelerated Recovery Bath	(402,367)
	V. To Adjust Bath -State (Accel. Recovery)	28,568
	W. To Adjust Bath -Federal (Accel. Recovery)	136,805
	X. To Adjust Contract 7 Project	640,000
	Y. To Adjust Contract 7 CIAC	(320,000)
	Z. To Adjust Accelerated Recovery of Contract 7	(173,275)
	AA. To Adjust Contract 7 Project CIAC-State	21,583
	AB. To Adjust Contract 7 Project CIAC-Federal	103,361
	AC. To Adjust Contract 7 Tax Depreciation-State	5,373
	AD. To Adjust Contract 7 Tax Depreciation-Federal	(65,110)
	AE. To Adjust Contract 7 - State (Accel. Recovery)	12,303
	AF. To Adjust Contract 7 - Federal (Accel. Recovery)	58,914

Earning Base/Capitalization Comparison

7	A. To adjust retained earnings	25,483
	B. To adjust short term notes payable	(288,835)
	C. To adjust FAS 106	42,609

# **APPENDIX B**

## **Sales Forecast**

**Corning Natural Gas**  
**Case 11-G-0280**  
**Sales Forecast**

Corning	Rate Codes	Rate Year 1			Rate Year 2			Rate Year 3		
		Customers	Annual CCF/CUS	Total ccf	Customers	Annual CCF/Cus	Total CCF	Customers	Annual Ccf/cus	Total CCF
SC-1 Residential	RI,RO,TL,TO	10,831	894	9,682,639	11,017	894	9,849,481	11,204	894	10,016,322
SC-1 Residential	VRO	140	550	76,978	140	550	76,978	140	550	76,978
SC-1 Commercial	CI,CO	695	2,284	1,587,965	695	2,284	1,587,965	695	2,284	1,587,965
SC-1 Public Authority	MI,MO	47	2,698.0	126,806	47	2,438	114,586	47	2,178	102,366
SC -1 Public Authority Virgil	VMO	5	13,603	68,014	5	13,603	68,014	5	13,603	68,014
SC-14 AGR Residential	ARO	2,298	1,105	2,538,467	2,134	1,105	2,357,981	1,971	1,105	2,177,495
SC-14 AGR Commercial	ACO	166	8,357	1,388,842	166	8,829	1,467,304	166	9,301	1,545,766
SC-14 AGR Public Authority	AMO	53	8,361	443,140	53	8,361	443,140	53	8,361	443,140
SC-5 Outdoor Lighting	GL01,GL02	12	110	1,320	12	110	1,320	12	110	1,320
SC-7 Industrial Trans	IT,ITO	4	1,836,850	7,347,402	4	1,836,850	7,347,402	4	1,836,850	7,347,402
SC-6 Commercial Trans	CT,CTO,MT,MTO	11	102,769	1,130,459	11	102,769	1,130,459	11	102,769	1,130,459
SC-6 Public Authority Trans	PT,PTO	10	96,237	962,365	10	96,237	962,365	10	96,237	962,365
SC-1 Residential Hsport	HR,HRO	406	833	338,041	428	833	356,411	450	833	374,781
SC-7 AGR Hsport Res	HA	44	1,046	46,354	44	1,046	46,354	44	1,046	46,354
SC 7 - AGR Hsport Com	HAC	2	6,281	12,562	2	6,281	12,562	2	6,281	12,562
SC-2 Commercial Hsport	HC,HCO	75	1,604	120,507	76	1,604	122,402	77	1,604	124,296
SC-4 Hammondsport Trans	HT,HTO	4	44,860	179,440	4	44,860	179,440	4	44,860	179,440
Trans and Sales Flex Hsport	HTF,OTF,SC5, HOI	5	111,852	559,260	5	111,852	559,260	5	111,852	559,260
Bath EG&W - Firm	BR	1	2,629,521	2,629,521	1	2,629,521	2,629,521	1	2,629,521	2,629,521
Bath - Trans SC-3 X Hsport	BC 3	1	273,184	273,184	1	273,184	273,184	1	273,184	273,184
Bath - Trans SC-4 X Hsport	BC 4	1	1,223,064	1,223,064	1	1,223,064	1,223,064	1	1,223,064	1,223,064
Contract 1		3	132,619	397,858	3	132,619	397,858	3	132,619	397,858
Contract 2		1	3,761,050	3,761,050	1	3,761,050	3,761,050	1	3,761,050	3,761,050
Contract 3		1	486,650	486,650	1	486,650	486,650	1	486,650	486,650
Contract 4		1	2,259,340	2,259,340	1	2,259,340	2,259,340	1	2,259,340	2,259,340
Contract 5		1	17,822,250	17,822,250	1	17,822,250	17,822,250	1	17,822,250	17,822,250
Contract 6		1	4,441,150	4,441,150	1	4,441,150	4,441,150	1	4,441,150	4,441,150
NYSEG		1	3,404,844	3,404,844	1	3,404,844	3,404,844	1	3,404,844	3,404,844
Empire		1	124,097	124,097	1	124,097	124,097	1	124,097	124,097
STAND		1	32,189	32,189	1	32,189	32,189	1	32,189	32,189



# **APPENDIX C**

## **Revenue Adjustments**

# CORNING NATURAL GAS

## 11-G-0280

### Revenue Adjustments - Year 1

Revenues	Settlement Agreement	Company Filed	Difference Agreement - Company
<b>Operating Revenues</b>			
Delivery Revenues	\$ 10,512,876	\$ 10,280,108	\$ 232,768
NYSEG, Stand, Empire	\$ 373,648	\$ 348,266	\$ 25,382
MFC supply procurement & record collections	\$ 361,963	\$ 500,174	\$ (138,211)
 RDM	 \$ 21,378	 \$ -	 \$ 21,378
<b>SUM</b>	<b>\$ 11,269,865</b>	<b>\$ 11,128,548</b>	<b>\$ 141,317</b>
 Bath Transport Charge	 \$ 33,420	 0	 \$ 33,420
 Line 15 Transp.	 \$ 97,189	 0	 \$ 97,189
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 11,400,474</b>	<b>\$ 11,128,548</b>	<b>\$ 271,926</b>
<b>OTHER GAS REVENUES</b>			
 VIRGIL SURCHARGE	 \$ 106,801		
Local Production TRANSPORTATION	\$ 1,026,756	\$ 1,071,558	\$ 61,999
Local Production ACCESS REVENUE	\$ 545,284	\$ 250,000	\$ 295,284
Bath Surcharge	\$ 169,693	\$ -	\$ 169,693
MFC	\$ -	\$ 378,026	\$ (378,026)
 TOTAL OTHER GAS REVENUES	 \$ 1,848,534	 \$ 1,699,584	 \$ 148,950
<b>TOTAL - OPERATING &amp; OTHER</b>	<b>\$ 13,249,009</b>	<b>\$ 12,828,132</b>	<b>\$ 420,877</b>

## CORNING NATURAL GAS 11-G-0280

### Revenue Adjustments - Year 2

Revenues	Settlement Agreement	Company	Difference Agreement - Company
<b>Operating Revenues</b>			
Delivery Rates	\$ 11,617,988	\$ 12,845,758	\$ (1,227,770)
NYSEG, Stand, Empire	\$ 380,792	\$ 348,266	\$ 32,526
MFC supply procurement & record collections	\$ 264,540	\$ 500,174	\$ (235,634)
RDM	\$ -	\$ -	\$ -
SUM	\$ 12,263,320	\$ 13,694,198	\$ (1,430,878)
Bath Transport Charge	\$ 33,420		\$ 33,420
Line 15 Transp.			
<b>TOTAL OPERATING REVENUES</b>	<b>\$ 12,296,740</b>	<b>\$ 13,694,198</b>	<b>\$ (1,397,458)</b>
<b>OTHER GAS REVENUES</b>			
VIRGIL SURCHARGE	\$ 106,801		
Local Production TRANSPORTATION	\$ 159,241	\$ 137,460	\$ 128,582
Local Production ACCESS REVENUE	\$ 545,284	\$ 250,000	\$ 295,284
Bath Surcharge	\$ 169,693		\$ 169,693
MFC	\$ -	\$ 378,026	\$ (378,026)
<b>TOTAL OTHER GAS REVENUES</b>	<b>\$ 981,019</b>	<b>\$ 765,486</b>	<b>\$ 215,533</b>
<b>TOTAL - OPERATING &amp; OTHER</b>	<b>\$ 13,277,759</b>	<b>\$ 14,459,684</b>	<b>\$ (1,181,925)</b>

# CORNING NATURAL GAS 11-G-0280

## Revenue Adjustments - Year 3

Revenues	Settlement Agreement	Company	Difference Agreement - Company
<b>Operating Revenues</b>			
Delivery Rates	\$ 12,582,873	\$ 13,747,222	\$ (1,164,349)
NYSEG, Stand, Empire	\$ 388,077	\$ 348,266	\$ 39,811
MFC supply procurement & record collections	\$ 264,540	\$ 500,174	\$ (235,634)
RDM		\$ -	\$ -
SUM	\$ 13,235,490	\$ 14,595,662	\$ (1,360,172)
Bath Transport Charge	\$ 33,420		\$ 33,420
Line 15 Transp.			
<b>TOTAL OPERATING REVENUES</b>	\$ 13,268,910	\$ 14,595,662	\$ (1,326,752)
<b>OTHER GAS REVENUES</b>			
VIRGIL SURCHARGE	\$ 106,801		
Local Production TRANSPORTATION	\$ -	\$ 137,460	\$ (30,659)
Local Production ACCESS REVENUE	\$ 545,284	\$ 250,000	\$ 295,284
Bath Surcharge	\$ 169,693	\$ -	\$ 169,693
MFC	\$ -	\$ 378,026	\$ (378,026)
<b>TOTAL OTHER GAS REVENUES</b>	\$ 821,778	\$ 765,486	\$ 56,292
<b>TOTAL - OPERATING &amp; OTHER</b>	<b>\$ 14,090,688</b>	<b>\$ 15,361,148</b>	<b>\$ (1,270,460)</b>

# **APPENDIX D**

## **Revenue Priceouts**

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Year 1 Forecast Priced Out at Current Rates**

		Sales ccf	Current Rates /ccf	Revenues		
SC 1	Residential					
avg # of	customers	10,971	\$ 15.25	\$ 2,007,637		
	first 3	358,927				
	next 47	3,872,240	\$ 0.41334	\$ 1,600,552		
	>50	5,528,448	\$ 0.26118	\$ 1,443,920		
		9,759,616				
				\$ 5,052,109	\$	5,052,109
SC1 C	Commercial					
	Customer	695	\$ 15.25	\$ 127,232		
	first 3	22,462				
	next 47	220,990	\$ 0.41334	\$ 91,344		
	>50	1,344,512	\$ 0.26118	\$ 351,160		
		1,587,965				
				\$ 569,736	\$	569,736
SC 1 P	Public Authorities					
	Customer	47	\$ 15.25	\$ 8,601		
	first 3	1,656				
	next 47	17,945	\$ 0.41334	\$ 7,417		
	>50	175,219	\$ 0.26118	\$ 45,764		
	Total	194,820				
				\$ 61,782	\$	61,782
SC 5	Public Lighting	12				
		1320	\$ 0.26118		\$	345
SC 6 T	Transportation					
	Customer	21	\$ 15.25	\$ 3,843		
		2,092,824	\$ 0.18296	\$ 382,903		
				\$ 386,746	\$	386,746
SC 7 IT	Industrial Transportation					
	Customer	3	\$ 1,220.00	\$ 43,920		
		7,347,402	0.07083	\$ 519,885		
				\$ 563,805	\$	563,805
SC 14 R	Aggregation Residential					
	Customer	2,298	\$ 15.25	\$ 420,450		
	first 3	76,763				
	next 47	879,223	\$ 0.41334	\$ 363,418		
	>50	1,582,480	\$ 0.26118	\$ 413,312		
	Total	2,538,467				
				\$ 1,197,180	\$	1,197,180
SC 14 C	Aggregation Commercial					
	Customer	166	\$ 15.25	\$ 30,413		
	first 3	5,983				
	next 47	82,834	\$ 0.41334	\$ 34,238		
	>50	1,300,026	\$ 0.26118	\$ 339,541		
	Total	1,388,842				
				\$ 404,192	\$	404,192

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Year 1 Forecast Priced Out at Current Rates**

		Sales ccf		Current Rates /ccf		Revenues	
SC 14 P	Aggregation Public						
	Customer	53	\$	15.25	\$	9,699	
	first 3	1,604					
	next 47	18,944	\$	0.41334	\$	7,830	
	>50	422,591	\$	0.26118	\$	110,372	
	Total	443,140					
					\$	127,902	\$ 127,902
<b>Negotiated Contracts</b>							
	1				\$	192,000	
	2				\$	171,640	
	3				\$	89,215	
	4				\$	60,205	
	5				\$	583,992	
	6				\$	310,967	
	7				\$	92,447	
							\$ 1,500,466
<b>HAMMONDSPORT</b>							
SC 1	Firm						
	Customer	406	\$	15.25	\$	74,297	
	1st 3	13,008					
	next 47	127,158	\$	0.41334	\$	52,560	
	>50	197,875	\$	0.26118	\$	51,681	
	Total	338,447			\$	178,537	\$ 178,537
SC2 C	Commercial						
	Customer	75	\$	15.25	\$	13,749	
	1st 500	2,476	\$	0.26993	\$	668	
	next 14,500	90,837	\$	0.20370	\$	18,503	
	> 15,000	27,194	\$	0.19333	\$	5,257	
	Total	120,507			\$	38,178	\$ 38,178
SC 4 T	Transportation						
HT HTO	Customer	4	\$	15.25	\$	732	
		179,440	\$	0.12320	\$	22,107	
					\$	22,839	\$ 22,839
SC 7 AG R	Aggregation Residential						
HA	Customer	44	\$	15.25	\$	8,112	
	1st 3	1,482					
	next 47	16,788	\$	0.41334	\$	6,939	
	>50	28,084	\$	0.26118	\$	7,335	
	Total	46,354			\$	22,386	\$ 22,386
SC 7 AG C	Aggregation Commercial						
HAC	Customer	2	\$	15.25	\$	366	
	1st 3	61					
	next 47	857	\$	0.41334	\$	354	
	>50	11,643	\$	0.26118	\$	3,041	
	Total	12,562			\$	3,761	\$ 3,761

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Year 1 Forecast Priced Out at Current Rates**

		Sales ccf	Current Rates /ccf	Revenues	
<b>Hammondsport</b>					
HTF	Trans Flex Customer	5	\$ 15.25	\$ 915	
		559,260	\$ 0.12320	\$ 68,901	
				\$ 69,816	\$ 69,816
<b>BATH</b>					
SC 1		2,629,521	\$ 0.07737	\$ 203,446	\$ 203,446
SC 3		273,184	\$ 0.07737	\$ 21,136	\$ 21,136
SC 4		1,223,064	\$ 0.07237	\$ 88,513	\$ 88,513
			<b>Total Delivery Revenues</b>	<b>\$ 10,512,876</b>	
				\$ 10,420,429	
<b>NYSEG , Stand, Empire</b>				\$ 373,648	\$ 373,648
<b>Bath Transportation Charge</b>					
	Volumes (ccf)	Rates			
HT & HTO	179,440	\$	0.0419	\$ 7,519	
HTF,OTF,SC5	559,260	\$	0.0419	\$ 23,433	
HA HAC	58,916	\$	0.0419	\$ 2,469	
				\$ 33,420	\$ 33,420
<b>Hammondsport @ Line 15 Rate</b>					
	Volumes (ccf)	Rate			
Total Hammondsport	1,256,164	\$	0.07737	\$ 97,189	
<b>Virgil Surcharges</b>					
Billing Code	Volumes (ccf)	Surcharge			
VRO	76,978	\$	0.3250	\$ 25,018	
VMO	68,014	\$	0.3250	\$ 22,105	
GP	397,858	\$	0.1500	\$ 59,679	
				\$ 106,801	
		Total Including BTC, Line 15 Transp. & Virgil			\$ 11,123,935
<b>Bath's Reliability Surcharge</b>					
	(ccf)				
	4,125,769	\$	0.0411		\$ 169,693



**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Year 2 Forecast Priced Out at Rate Year 1 Proposed Rates**

		Sales ccf	Proposed Rates /ccf		Revenues	
SC 1	Residential					
avg # of	customers	11,157	\$	16.75	\$	2,242,621
	first 3	365,063				
	next 47	3,938,437	\$	0.47306	\$	1,863,117
	>50	5,622,958	\$	0.29891	\$	1,680,758
		9,926,458				
					\$	5,786,496
					\$	5,786,496
	LOW INCOME CREDIT				\$	(125,000)
SC1 C	Commercial					
	Customer	695	\$	20.25	\$	168,947
	first 3	22,462				
	next 47	220,990	\$	0.44535	\$	98,418
	>50	1,344,512	\$	0.28141	\$	378,359
		1,587,965				
					\$	645,724
					\$	645,724
SC 1 P	Public Authorities					
	Customer	52	\$	20.25	\$	12,636
	first 3	1,552				
	next 47	16,820	\$	0.44535	\$	7,491
	>50	164,229	\$	0.28141	\$	46,216
		182,600				
					\$	66,342
					\$	66,342
SC 5	Public Lighting	12				
		1,320	\$	0.26118	\$	344.76
SC 6 T	Transportation					
	Customer	21	\$	50.00	\$	12,600
		2,092,824	\$	0.19703	\$	412,349
					\$	424,949
					\$	424,949
SC 7 IT	Industrial Transportation					
	Customer	3	\$	1,220	\$	43,920
		7,347,402	\$	0.07846	\$	575,889
					\$	619,809
					\$	619,809
SC 14 R	Aggregation Residential					
	Customer	2,134	\$	16.75	\$	428,971
	first 3	71,305	\$	-		
	next 47	816,710	\$	0.4731	\$	386,353
	>50	1,469,965	\$	0.2989	\$	439,387
	Total	2,357,981				
					\$	1,254,711
					\$	1,254,711

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Year 2 Forecast Priced Out at Rate Year 1 Proposed Rates**

		Sales ccf		Proposed Rates /ccf		Revenues		
SC 14 C	Aggregation Commercial							
	Customer	166		20.25	\$	40,385		
	first 3	5,983						
	next 47	87,851	\$	0.44535	\$	39,125		
	>50	1,373,470	\$	0.28141	\$	386,508		
	Total	1,467,304						
					\$	466,017	\$	466,017
SC 14 P	Aggregation Public							
	Customer	53	\$	20.25	\$	12,879		
	first 3	1,604						
	next 47	18,944	\$	0.44535	\$	8,437		
	>50	422,591	\$	0.28141	\$	118,921		
	Total	443,140						
					\$	140,237	\$	140,237
Negotiated Contracts								
	1		\$	192,000				
	2		\$	174,640				
	3		\$	96,479				
	4		\$	60,205				
	5		\$	583,992				
	6		\$	342,106				
	7		\$	100,828				
							\$	1,550,250
<b>HAMMONDSPORT</b>								
SC 1	Firm							
	Customer	428	\$	16.75	\$	86,039		
	1st 3	13,714						
	next 47	134,068	\$	0.47306	\$	63,422		
	>50	208,628	\$	0.29891	\$	62,361		
	Total	356,411			\$	211,823	\$	211,823
SC2 C	Commercial							
	Customer	76	\$	20.25	\$	18,543		
	1st 500	13,714						
	next 14,500	92,265	\$	0.44535	\$	1,570		
	> 15,000	27,621	\$	0.28141	\$	36,541		
	Total	133,601			\$	56,655	\$	56,655
SC 4 T	Transportation							
	Customer	4	\$	50.00	\$	2,400		
		179,440	\$	0.13267	\$	23,807		
					\$	26,207	\$	26,207
SC 7 AG R	Aggregation Residential							
	Customer	44	\$	16.75	\$	8,909		
	1st 3	1,482						
	next 47	16,788	\$	0.47306	\$	7,942		
	>50	28,084	\$	0.29891	\$	8,395		
		46,399			\$	25,246	\$	25,246

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Year 2 Forecast Priced Out at Rate Year 1 Proposed Rates**

		Sales ccf	Proposed Rates /ccf	Revenues	
HAMMONDSPORT					
SC 7 AG C Aggregation Commercial					
	Customer	2	\$ 20.25	\$ 486	
	1st 3	61			
	next 47	857	\$ 0.44535	\$ 382	
	>50	11,643	\$ 0.28141	\$ 3,277	
		12,562		\$ 4,144	\$ 4,144
HTF					
	Trans Flex				
	Customer	5	\$ 50.00	\$ 3,000	
		559,260	\$ 0.16701	\$ 93,404	
				\$ 96,404	\$ 96,404
SC 1					
	Customer		\$ 1,220.00	\$ 14,640	
		2,629,521	\$ 0.07846	206,312	
				\$ 220,952	\$ 220,952
SC 3& 4					
	Customer		\$ 1,220.00	\$ 29,280	
		1,496,248	\$ 0.07846	\$ 117,396	
				\$ 146,676	\$ 146,676
		sum		\$ 719,252	
Total Delivery Revenues				\$ 11,617,988	

NYSEG, Stand, and Empire \$ 380,792

**Bath Transportation**

	Volumes (ccf)	Rate		
HT & HTO	179,440	\$ 0.0419	\$ 7,519	
HTF,OTF,SC5	559,260	\$ 0.0419	\$ 23,433	
HA HAC	58,916	\$ 0.0419	\$ 2,469	
			<u>\$ 33,420</u>	\$ 33,420

**Virgil Surcharges**

Billing Code	Volumes (ccf)	Surcharge		
VRO	76,978	\$ 0.3250	\$ 25,018	
VMO	68,014	\$ 0.3250	\$ 22,105	
GP	397,858	\$ 0.1500	\$ 59,679	
			<u>\$ 106,801</u>	\$ 106,801

**Bath's Reliability Surcharge**

(ccf)	4,125,769	\$ 0.0411	\$ 169,693	
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**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Year 3 Forecast Priced Out at Rate Year 2 Proposed Rates**

		Sales ccf		Proposed Rates /ccf		Revenues		
SC 1	Residential							
avg # of	customers	11,344	\$	18.25	\$	2,484,323		
	first 3	371,199						
	next 47	4,004,633	\$	0.51322	\$	2,055,258		
	>50	5,717,467	\$	0.32429	\$	1,854,117		
		10,093,300						
					\$	6,393,698	\$	6,393,698
	LOW INCOME						\$	(125,000)
SC1 C	Commercial							
	Customer	695	\$	25.25	\$	210,663		
	first 3	22,462						
	next 47	220,990	\$	0.46787	\$	103,395		
	>50	1,344,512	\$	0.29564	\$	397,492		
		1,587,965						
					\$	711,549	\$	711,549
SC 1 P	Public Authorities							
	Customer	52	\$	25.25	\$	15,756		
	first 3	1,448						
	next 47	15,694	\$	0.46787	\$	7,343		
	>50	153,238	\$	0.29564	\$	45,303		
		170,380						
					\$	68,402	\$	68,402
SC 5	Public Lighting	12						
		1,320	\$	0.26118			\$	345
SC 6 T								
	Customer	21	\$	75.00	\$	18,900		
		2,092,824	\$	0.21120	\$	442,004		
					\$	460,904	\$	460,904
SC 7 IT	Industrial Transportation							
	Customer	3	\$	1,220	\$	43,920		
		7,347,402	\$	0.08610	\$	631,966		
					\$	675,886	\$	675,886
SC 14 R	Aggregation Residential							
	Customer	1,971	\$	18.25	\$	431,611		
	first 3	65,847						
	next 47	754,197	\$	0.5132	\$	387,069		
	>50	1,357,450	\$	0.3243	\$	440,208		
		2,177,495						
					\$	1,258,888	\$	1,258,888

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Year 3 Forecast Priced Out at Rate Year 2 Proposed Rates**

		Sales ccf		Proposed Rates /ccf		Revenues		
SC 14 C	Aggregation Commercial							
	Customer	166	\$	25.25	\$	50,356		
	first 3	5,983						
	next 47	92,869	\$	0.46787	\$	43,451		
	>50	1,446,914	\$	0.29564	\$	427,766		
	Total	1,545,766						
						\$	521,573	\$ 521,573
SC 14 P	Aggregation Public							
	Customer	53	\$	25.25	\$	16,059		
	first 3	1,604						
	next 47	18,944	\$	0.46787	\$	8,863		
	>50	422,591	\$	0.29564	\$	124,935		
	Total	443,140						
						\$	149,857	\$ 149,857
SC 2 1 F	Industrial Firm							
	Customer							
	first 2,500		\$	1,220.00	\$	-		
	next 12,500		\$	0.11677	\$	-		
	next 25,000		\$	0.10543	\$	-		
	> 40,000		\$	0.07553	\$	-		
Negotiated Contracts								
	1					\$	192,000	
	2					\$	177,640	
	3					\$	103,674	
	4					\$	60,205	
	5					\$	583,992	
	6					\$	373,286	
	7					\$	109,221	
							\$	1,600,018
<b>HAMMONDSPORT</b>								
SC 1	Firm							
	Customer	450	\$	18.25	\$	98,576		
	1st 3	14,421						
	next 47	140,978	\$	0.51322	\$	72,353		
	>50	219,381	\$	0.32429	\$	71,143		
	Total	374,781				\$	242,072	\$ 242,072
SC2 C	Commercial							
	Customer	77	\$	25.25	\$	23,480		
	1st 500	2,554						
	next 14,500	93,693	\$	0.46787	\$	1,649		
	> 15,000	28,049	\$	0.29564	\$	35,638		
	Total	124,296				\$	60,767	\$ 60,767
SC 4 T	Transportation							
	Customer	4	\$	75.00	\$	3,600		
		179,440	\$	0.14222	\$	25,520		
						\$	29,120	\$ 29,120

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Year 3 Forecast Priced Out at Rate Year 2 Proposed Rates**

		Sales ccf		Proposed Rates /ccf		Revenues		
<b>HAMMONDSPOORT</b>								
SC 7 AG R	Aggregation Residential							
	Customer	44	\$	16.75	\$	8,909		
	1st 3	1,482						
	next 47	16,788	\$	0.51322	\$	8,616		
	>50	28,084	\$	0.32429	\$	9,108		
		46,399			\$	26,633	\$	26,633
SC 7 AG C	Aggregation Commercial							
	Customer	2	\$	25.25	\$	606		
	1st 3	61						
	next 47	857	\$	0.46787	\$	401		
	>50	11,643	\$	0.29564	\$	3,442		
		12,562			\$	4,449	\$	4,449
HTF	Trans Flex							
	Customer	5	\$	75.00	\$	4,500		
		559,260	\$	0.17892	\$	100,063		
					\$	104,563	\$	104,563
<b>BATH</b>								
SC 1								
	Customer		\$	1,220.00	\$	14,640		
		2,629,521	\$	0.08610		226,402		
					\$	241,042	\$	241,042
SC 3& 4								
	Customer		\$	1,220.00	\$	29,280		
		1,496,248	\$	0.08610	\$	128,827		
					\$	158,107	\$	158,107
		sum			\$	714,092		
<b>Total Delivery Revenues</b>						<b>\$</b>	<b>12,582,873</b>	

**NYSEG STAND and EMPIRE** \$ 388,077

**Bath Transportation Charge**

	Volumes (ccf)	Rate					
HT & HTO	179,440	\$	0.0419	\$	7,519	*from the GAC	
HTF,OTF,SC5	559,260	\$	0.0419	\$	23,433		
HA HAC	58,916	\$	0.0419	\$	2,469		
				\$	33,420	\$	33,420

**Virgil Surcharges**

	Volumes (ccf)	Rate					
VRO	76,978	\$	0.3250	\$	25,018		
VMO	68,014	\$	0.3250	\$	22,105		
GP	397,858	\$	0.1500	\$	59,679		
				\$	106,801	\$	106,801

**Bath's Reliability Surcharge**

(ccf)							
4,125,769	\$	0.0411	\$	169,693	\$	169,693	

# **APPENDIX E**

## **Merchant Function Charge**

**CORNING NATURAL GAS CORPORATION**  
**CASE11-G-0280**

**MERCHANT FUNCTION CHARGE**

COMPONENTS	TOTAL	TRUE-UP
FORECAST RATE YEAR TOTAL FIRM (CCF)	14,630,470	
COMMODITY UNCOLLECTIBLES RATE	\$ 103,249 1.100%	TO ACTUAL COMMODITY COSTS TIMES THE UNCOLLECTIBLE RATE
GAS SUPPLY PROCUREMENT	\$ 80,309	TO ACTUAL SALES
RECORDS AND COLLECTIONS	\$ 184,231	TO ACTUAL SALES
AVERAGE BALANCE OF GAS IN STORAGE OTHER CUSTOMER CAPITAL RATE SALES CUSTOMERS	\$ 1,619,158 3.35% 80%	TO ACTUAL COMMODITY COSTS TIMES THE OTHER CUSTOMER CAPITAL RATE
RETURN FOR SALES CUSTOMERS	\$ 43,393	
TOTAL	\$ 411,183	
FORECAST RATE PER CCF	\$ 0.028105	IN THE ANNUAL RECONCILIATION OF
COMMODITY UNCOLLECTIBLES	\$ 0.0071	GAS COSTS
GAS SUPPLY PROCUREMENT	\$ 0.0055	
RECORDS AND COLLECTIONS	\$ 0.0126	
RETURN ON GAS IN STORAGE	\$ 0.0030	
RETURN ON GAS IN STORAGE TO BE COLLECTED FROM ALL FIRM CUSTOMERS		
ALL FIRM CUSTOMERS	20%	
RETURN ALLOCATED TO ALL FIRM CUSTOMERS	\$ 10,848	
FIRM SALES & TRANSPORTATION (CCF)	31,620,837	
FORECAST RATE PER CCF	\$ 0.0003	IN THE DRA ANNUAL RECONCILIATION



**Corning Natural Gas Corporation**  
**CASE 11-G-0280**  
MFC Example for Corning Linking Period

Separate each of the 4 Components :

Records and Collection - which is reconciled based on sales

	ccf		ccf	records & coll. rate	MFC Revenues	MFC Revenues	
May-11	578,078			0.01997	\$ 11,544		
Jun-11	268,394			0.01997	\$ 5,360		
Jul-11	223,044			0.01997	\$ 4,454		
Aug-11	194,447			0.01997	\$ 3,883		
Sep-11	195,266		195,266	0.01997	\$ 3,899	\$ 3,899	
Oct-11	419,039		419,039	0.01997	\$ 8,368	\$ 8,368	
Nov-11	758,562		758,562	0.01997	\$ 15,148	\$ 15,148	
Dec-11	1,387,377		1,387,377	0.01997	\$ 28,400	\$ 28,400	
Jan-12	1,921,210		1,921,210	0.02047	\$ 38,367	\$ 38,367	
Feb-12	1,741,468		1,741,468	0.02047	\$ 35,648	\$ 35,648	
Mar-12	1,336,421		1,336,421	0.02047	\$ 27,357	\$ 27,357	
Apr-12	875,086		875,086	0.02047	\$ 17,913	\$ 17,913	
	9,898,392	A	8,634,429	B	\$ 200,341	\$ 175,100	C
12 Month Target from the last rate case						\$ 238,514	D
8 Month Target						\$ 208,057	E = (B/A)* D
Surcharge or (Refund) = Target - Collected						\$ 32,958	= E - C

Gas Supply Procurement - which is reconciled based on sales

	ccf		ccf	gas supply proc. rate	MFC Revenues	MFC Revenues	
May-11	578,078			0.00831	\$ 4,804		
Jun-11	268,394			0.0083	\$ 2,230		
Jul-11	223,044			0.0831	\$ 18,535		
Aug-11	194,447			0.0083	\$ 1,616		
Sep-11	195,266		195,266	0.0083	\$ 1,623	\$ 1,623	
Oct-11	419,039		419,039	0.0083	\$ 3,482	\$ 3,482	
Nov-11	758,562		758,562	0.0083	\$ 6,304	\$ 6,304	
Dec-11	1,387,377		1,387,377	0.0083	\$ 11,807	\$ 11,807	
Jan-12	1,921,210		1,921,210	0.00851	\$ 15,965	\$ 15,965	
Feb-12	1,741,468		1,741,468	0.00851	\$ 14,820	\$ 14,820	
Mar-12	1,336,421		1,336,421	0.00851	\$ 11,373	\$ 11,373	
Apr-12	875,086		875,086	0.00851	\$ 7,447	\$ 7,447	
	9,898,392	A	8,634,429	B	\$ 100,005	\$ 72,820	C
12 Month Target from the last rate case						\$ 123,449	D
8 Month Target						\$ 107,685	E = (B/A)* D
Surcharge or (Refund) = Target - Collected						\$ 34,865	= E - C

Note: Sales volumes are only used as an example

- A Sales experienced from all MFC paying customers
- B Sales experienced from all MFC paying customers
- C MFC revenues for the particular component being reconciled

# **APPENDIX F**

## **Depreciation Rates**

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**

Appendix F  
Page 1 of 1

**Depreciation Rates**

ACCOUNT NUMBER	DESCRIPTION	PLANT	CORNING	Settlement Agreement				Depreciation Rate
		BALANCE	CURRENT	ASL	H-CURVE	NET SAL %		
		@12/31/06	ASL	ASL				
		(1)	(2)	(3)	(4)	(5)		
<b><u>TRANSMISSION PLANT</u></b>								
366.00	STRUCTURES AND IMPROVEMENTS	55,020	45.0	45.0	H 2.0	0	2.22%	
367.00	MAINS	3,755,170	60.0	66.0	H 2.0	-10	1.67%	
369.00	MEASURING AND REGULATING STATION EQUIP.	420,009	40.0	40.0	H 2.0	0	2.50%	
371.00	OTHER EQUIPMENT	<u>235,423</u>	40.0	40.0	H 2.0	0	2.50%	
<b><u>TOTAL DEPREC. TRANSMISSION PLANT</u></b>		4,465,622						
<b><u>DISTRIBUTION PLANT</u></b>								
374.20	LAND RIGHTS	5,271	65.0	65.0	H 3.0	0	1.54%	
375.00	STRUCTURES & IMPROVEMENTS	79,905	45.0	45.0	H 3.0	0	2.22%	
376.00	MAINS	9,047,431	60.0	66.0	H 4.0	-10	1.67%	
378.00	MEASURING & REGULATING EQUIPMENT - GENERAL	241,354	40.0	40.0	H 3.0	0	2.50%	
380.00	SERVICES	5,188,311	47.0	52.0	H 3.5	-20	2.31%	
381.00	METERS	1,100,647	38.0	38.0	H 2.5	-10	2.89%	
382.00	METER INSTALLATIONS	643,521	50.0	50.0	H 4.0	-30	2.60%	
383.00	HOUSE REGULATORS	224,515	45.0	45.0	H 4.5	0	2.22%	
384.00	HOUSE REGULATORS INSTALLATIONS	228,057	45.0	45.0	H 1.5	-10	2.44%	
385.00	IND. MEAS. & REG. EQUIPMENT	<u>149,205</u>	40.0	40.0	H 3.5	0	2.50%	
<b><u>TOTAL DEPREC. DISTRIBUTION PLANT</u></b>		16,908,217						
<b><u>GENERAL PLANT</u></b>								
390.00	STRUCTURES & IMPROVEMENTS	4,451,010	47.0	47.0	H 1.5	0	2.13%	
391.00	OFFICE FURNITURE & EQUIPMENT	933,012	13.0	13.0	H 1.0	5	7.31%	
392.00	TRANSPORTATION EQUIPMENT	659,046	8.0	8.0	H 4.0	10	11.25%	
393.00	STORES EQUIPMENT	38,129	25.0	25.0	H 2.0	2.5	3.90%	
394.00	TOOLS, SHOP & GARAGE EQUIPMENT	453,322	20.0	20.0	H 2.0	2.5	4.88%	
395.00	LABORATORY EQUIPMENT	36,498	25.0	25.0	H 4.5	0	4.00%	
396.00	POWER OPERATED EQUIPMENT	<u>159,074</u>	14.0	14.0	H 1.0	5	6.79%	
<b><u>TOTAL DEPREC. GENERAL PLANT</u></b>		6,730,091						

# **APPENDIX G**

## **Depreciation Expense**

## Joint Proposal Monthly Depreciation Rates

	Depreciation Rates	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13
Account	<b><u>INTANGIBLE PLANT:</u></b>												
301 Organization	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
302 Franchise and Consents	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
	<b><u>TRANSMISSION PLANT:</u></b>												
Land													
365 Rights of Way	0.128%	69	69	69	69	69	69	69	69	69	69	69	69
366 Measuring and Regulating Station Structures	0.185%	95	95	95	95	95	95	95	95	95	95	95	95
367 Other Structures	0.139%	5	5	5	5	5	5	5	5	5	5	5	5
369 Mains	0.153%	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945
371 Measuring and Regulating Station Equipment	0.208%	875	875	875	875	875	875	875	875	875	875	875	875
Other Equipment	0.208%	490	490	490	490	490	490	490	490	490	490	490	490
	<b><u>DISTRIBUTION PLANT:</u></b>												
Land	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
374 Land Rights	0.128%	67	67	67	67	67	67	67	67	67	67	67	67
375 Structures and Improvements	0.185%	366	366	366	366	366	366	366	366	366	366	366	366
376 Mains	0.139%	27,732	28,344	28,957	29,581	30,086	30,525	30,731	30,931	31,230	31,511	31,777	32,511
378 Measuring and Regulating Station Equipment	0.208%	5,630	5,720	5,810	5,900	5,968	6,024	6,036	6,047	6,063	6,080	6,097	6,163
380 Services	0.192%	17,141	17,324	17,507	17,689	17,826	17,941	17,963	17,986	18,010	18,033	18,056	18,149
381 Meters	0.241%	3,900	3,928	3,955	3,983	4,004	4,021	4,025	4,028	4,032	4,036	4,039	4,053
382 Meter Installations	0.217%	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907
383 House Regulators	0.185%	573	578	584	589	593	597	598	598	599	600	600	603
384 House Regulator Installations	0.203%	707	707	707	707	707	707	707	707	707	707	707	707
385 Industrial Meas and Reg Station Equipment	0.208%	311	311	311	311	311	311	311	311	311	311	311	311
	<b><u>GENERAL PLANT:</u></b>												
389 Land and Land Rights													
390 Structures and Improvements	0.178%	8,184	8,191	8,197	8,204	8,209	8,213	8,214	8,214	8,215	8,217	8,218	8,222
391 Office Furniture and Equipment	0.609%	7,997	8,567	9,136	9,706	10,133	10,489	10,560	10,632	10,692	10,752	10,812	11,052
392 Transportation Equipment	0.938%	7,512	7,652	7,792	7,932	8,037	8,125	8,142	8,160	8,177	8,195	8,212	8,282
393 Stores Equipment	0.325%	124	124	124	124	124	124	124	124	124	124	124	124
394 Tools, Shop and Garage Equipment	0.407%	2,671	2,721	2,771	2,822	2,860	2,891	2,898	2,904	2,910	2,916	2,922	2,947
395 Laboratory Equipment	0.333%	122	122	122	122	122	122	122	122	122	122	122	122
396 Power Operated Equipment	0.565%	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753
397 Communications Equipment	0.556%	813	813	813	813	813	813	813	813	813	813	813	813
Amortization Of Excess Deprecation Reserve		(12,635)	(12,635)	(12,635)	(12,635)	(12,635)	(12,635)	(12,635)	(12,635)	(12,635)	(12,635)	(12,635)	(12,635)
Total		82,357	84,042	85,727	87,424	88,733	89,843	90,183	90,517	90,945	91,354	91,749	92,999
Annual Depreciation Expense	\$	1,065,871											

		Joint Proposal												
		Monthly												
		Depreciation	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
		Rates												
Account	<b>INTANGIBLE PLANT:</b>													
301	Organization	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
302	Franchise and Consents	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
<b>TRANSMISSION PLANT:</b>														
	Land													
365	Rights of Way	0.128%	69	69	69	69	69	69	69	69	69	69	69	69
366	Measuring and Regulating Station Structures	0.185%	95	95	95	95	95	95	95	95	95	95	95	95
367	Other Structures	0.139%	5	5	5	5	5	5	5	5	5	5	5	5
369	Mains	0.153%	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945
371	Measuring and Regulating Station Equipment	0.208%	875	875	875	875	875	875	875	875	875	875	875	875
	Other Equipment	0.208%	490	490	490	490	490	490	490	490	490	490	490	490
<b>DISTRIBUTION PLANT:</b>														
	Land	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
374	Land Rights	0.128%	67	67	67	67	67	67	67	67	67	67	67	67
375	Structures and Improvements	0.185%	366	366	366	366	366	366	366	366	366	366	366	366
376	Mains	0.139%	33,562	34,935	36,397	37,647	38,587	39,371	39,537	39,709	39,796	39,874	39,958	40,225
378	Measuring and Regulating Station Equipment	0.208%	6,262	6,395	6,527	6,660	6,759	6,842	6,859	6,875	6,886	6,897	6,907	6,950
380	Services	0.192%	18,289	18,475	18,662	18,848	18,988	19,104	19,127	19,151	19,174	19,198	19,222	19,316
381	Meters	0.241%	4,075	4,103	4,131	4,160	4,181	4,199	4,202	4,206	4,209	4,213	4,217	4,231
382	Meter Installations	0.217%	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907
383	House Regulators	0.185%	608	613	619	625	629	632	633	634	635	635	636	639
384	House Regulator Installations	0.203%	707	707	707	707	707	707	707	707	707	707	707	707
385	Industrial Meas and Reg Station Equipment	0.208%	311	311	311	311	311	311	311	311	311	311	311	311
<b>GENERAL PLANT:</b>														
389	Land and Land Rights													
390	Structures and Improvements	0.178%	8,228	8,237	8,246	8,254	8,261	8,266	8,267	8,268	8,269	8,271	8,272	8,276
391	Office Furniture and Equipment	0.609%	11,412	11,892	12,373	12,853	13,213	13,514	13,574	13,634	13,670	13,706	13,742	13,886
392	Transportation Equipment	0.938%	8,387	8,527	8,667	8,807	8,912	8,999	9,017	9,034	9,052	9,069	9,087	9,157
393	Stores Equipment	0.325%	124	124	124	124	124	124	124	124	124	124	124	124
394	Tools, Shop and Garage Equipment	0.407%	2,984	3,033	3,082	3,131	3,168	3,199	3,205	3,211	3,217	3,223	3,230	3,254
395														

		Joint Proposal												
		Monthly												
		Depreciation	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
		Rates												
Account	<b>INTANGIBLE PLANT:</b>													
301	Organization	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
302	Franchise and Consents	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
<b>TRANSMISSION PLANT:</b>														
	Land													
365	Rights of Way	0.128%	69	69	69	69	69	69	69	69	69	69	69	69
366	Measuring and Regulating Station Structures	0.185%	95	95	95	95	95	95	95	95	95	95	95	95
367	Other Structures	0.139%	5	5	5	5	5	5	5	5	5	5	5	5
369	Mains	0.153%	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945	5,945
371	Measuring and Regulating Station Equipment	0.208%	875	875	875	875	875	875	875	875	875	875	875	875
	Other Equipment	0.208%	490	490	490	490	490	490	490	490	490	490	490	490
<b>DISTRIBUTION PLANT:</b>														
	Land	0.000%	-	-	-	-	-	-	-	-	-	-	-	-
374	Land Rights	0.128%	67	67	67	67	67	67	67	67	67	67	67	67
375	Structures and Improvements	0.185%	366	366	366	366	366	366	366	366	366	366	366	366
376	Mains	0.139%	40,614	41,125	41,633	42,143	42,526	42,848	42,921	43,000	43,090	43,171	43,257	43,535
378	Measuring and Regulating Station Equipment	0.208%	7,013	7,098	7,183	7,268	7,332	7,385	7,396	7,406	7,417	7,427	7,437	7,478
380	Services	0.192%	19,458	19,648	19,837	20,026	20,169	20,287	20,311	20,334	20,358	20,383	20,407	20,504
381	Meters	0.241%	4,253	4,282	4,311	4,340	4,362	4,380	4,383	4,387	4,391	4,394	4,398	4,413
382	Meter Installations	0.217%	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907	1,907
383	House Regulators	0.185%	643	649	655	661	665	669	670	670	671	672	672	675
384	House Regulator Installations	0.203%	707	707	707	707	707	707	707	707	707	707	707	707
385	Industrial Meas and Reg Station Equipment	0.208%	311	311	311	311	311	311	311	311	311	311	311	311
<b>GENERAL PLANT:</b>														
389	Land and Land Rights													
390	Structures and Improvements	0.178%	8,283	8,293	8,302	8,311	8,319	8,324	8,326	8,327	8,328	8,329	8,330	8,335
391	Office Furniture and Equipment	0.609%	14,103	14,392	14,681	14,969	15,186	15,367	15,403	15,439	15,453	15,467	15,482	15,539
392	Transportation Equipment	0.938%	9,262	9,402	9,542	9,682	9,787	9,874	9,892	9,909	9,927	9,944	9,962	10,032
393	Stores Equipment	0.325%	124	124	124	124	124	124	124	124	124	124	124	124
394	Tools, Shop and Garage Equipment	0.407%	3,291	3,341	3,390	3,440	3,477	3,508	3,514	3,520	3,527	3,533	3,539	3,564
395	Laboratory Equipment	0.333%	122	122	122	122	122	122	122	122	122	122	122	122
396	Power Operated Equipment	0.565%	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753	1,753
397	Communications Equipment	0.556%	813	813	813	813	813	813	813	813	813	813	813	813
	Amortization Of Excess Deprecation Reserve		(12,635)	(12,635)	(12,635)	(12,635)	(12,635)	(12,635)	(12,635)	(12,635)	(12,635)	(12,635)	(12,635)	(12,635)
	Total		107,938	109,246	110,551	111,857	112,838	113,658	113,831	114,010	114,177	114,337	114,500	115,090
<b>Annual Depreciation Expense</b>		\$	1,352,034											

# **APPENDIX H**

## **Plant in Service**



**CORNING NATURAL GAS CORPORATION  
CASE 11-G-0280**

**RATE YEAR NET PLANT**

Rate Year 1				Rate Year 2				Rate Year 3			
	Gross Plant Balance	CWIP Balance	Depreciation Reserve Balance		Gross Plant Balance	CWIP Balance	Depreciation Reserve Balance		Gross Plant Balance	CWIP Balance	Depreciation Reserve Balance
Apr-12 (1/2)	\$ 25,091,745	\$ -	\$ 7,112,195	Apr-13 (1/2)	\$ 26,722,192	\$ -	\$ 7,562,202	Apr-14 (1/2)	\$ 29,985,332	\$ -	\$ 8,096,893
May-12	\$ 50,559,477	\$ -	\$ 14,292,491	May-13	\$ 54,237,713	\$ -	\$ 15,204,339	May-14	\$ 60,412,132	\$ -	\$ 16,287,443
Jun-12	\$ 51,091,313	\$ -	\$ 14,361,738	Jun-13	\$ 55,262,787	\$ -	\$ 15,285,928	Jun-14	\$ 61,004,872	\$ -	\$ 16,381,859
Jul-12	\$ 51,615,075	\$ -	\$ 14,432,670	Jul-13	\$ 56,439,709	\$ -	\$ 15,370,009	Jul-14	\$ 61,596,457	\$ -	\$ 16,477,579
Aug-12	\$ 52,137,854	\$ -	\$ 14,505,299	Aug-13	\$ 57,616,655	\$ -	\$ 15,456,372	Aug-14	\$ 62,188,065	\$ -	\$ 16,574,606
Sep-12	\$ 52,507,872	\$ -	\$ 14,579,777	Sep-13	\$ 58,497,935	\$ -	\$ 15,545,198	Sep-14	\$ 62,630,342	\$ -	\$ 16,673,162
Oct-12	\$ 52,793,767	\$ -	\$ 14,655,635	Oct-13	\$ 59,228,649	\$ -	\$ 15,635,828	Oct-14	\$ 62,995,220	\$ -	\$ 16,772,813
Nov-12	\$ 52,771,585	\$ -	\$ 14,732,913	Nov-13	\$ 59,364,750	\$ -	\$ 15,728,255	Nov-14	\$ 63,058,154	\$ -	\$ 16,873,734
Dec-12	\$ 52,746,125	\$ -	\$ 14,810,525	Dec-13	\$ 59,495,221	\$ -	\$ 15,820,983	Dec-14	\$ 63,115,457	\$ -	\$ 16,974,834
Jan-13	\$ 52,804,004	\$ -	\$ 14,888,460	Jan-14	\$ 59,558,252	\$ -	\$ 15,913,998	Jan-15	\$ 63,176,952	\$ -	\$ 17,076,098
Feb-13	\$ 52,872,227	\$ -	\$ 14,966,803	Feb-14	\$ 59,618,196	\$ -	\$ 16,007,192	Feb-15	\$ 63,235,360	\$ -	\$ 17,177,521
Mar-13	\$ 52,939,032	\$ -	\$ 15,045,542	Mar-14	\$ 59,681,219	\$ -	\$ 16,100,568	Mar-15	\$ 63,296,846	\$ -	\$ 17,279,107
Apr-13 (1/2)	\$ 26,722,192	\$ -	\$ 7,562,202	Apr-14 (1/2)	\$ 29,985,332	\$ -	\$ 8,096,893	Apr-15 (1/2)	\$ 31,790,072	\$ -	\$ 8,690,224
AVG OF THE MONTHLY AVG	\$ 52,221,022	\$ -	\$ 14,662,188	AVG OF THE MONTHLY AVG	\$ 57,975,717	\$ -	\$ 15,643,980	AVG OF THE MONTHLY AVG	\$ 62,373,772	\$ -	\$ 16,777,989
NET PLANT	\$ 37,558,835			NET PLANT	\$ 42,331,737			NET PLANT	\$ 45,595,782		

NOTE: THE GROSS PLANT HAS BEEN ADJUSTED BY \$29,786

# **APPENDIX I**

## **Capital Structure**

**CORNING NATURAL GAS**  
**11-G-0280**

**Capitalization and Cost Rates**

	Rate Year 1			Rate Year 2			Rate Year 3		
	%	Cost Rate	Cost of Capital	%	Cost Rate	Cost of Capital	%	Cost Rate	Cost of Capital
Short-term debt	14.10%	3.59%	0.51%	19.30%	3.59%	0.69%	20.14%	3.59%	0.72%
Long-term debt	37.26%	7.04%	2.62%	32.12%	7.02%	2.25%	31.31%	6.91%	2.16%
Customer Deposits	0.64%	1.65%	0.01%	0.58%	1.65%	0.01%	0.55%	1.65%	0.01%
Common Equity	48.00%	9.50%	4.56%	48.00%	9.50%	4.56%	48.00%	9.50%	4.56%
Total	100.00%		7.70%	100.00%		7.51%	100.00%		7.45%

# **APPENDIX J**

## **Capital Budgets**

**CORNING NATURAL GAS CORPORATION  
CASE 11-G-0280**

**CAPITAL BUDGET BY PROJECT**

Acct. No.	Project	Description	CY 2012	CY 2013	CY 2014	CY 2015
	<b>1</b>	<b>Services</b>				
380	1.1	New installations	\$ 64,910	\$ 66,209	\$ 64,840	\$ 66,266
380	1.2	Systematic replacement	\$ 529,880	\$ 540,478	\$ 551,828	\$ 563,968
380	1.3	Other replacement	\$ -	\$ -	\$ -	\$ -
		<b>Project Total</b>	<b>\$ 594,790</b>	<b>\$ 606,686</b>	<b>\$ 616,667</b>	<b>\$ 630,234</b>
	<b>2</b>	<b>Meters &amp; Regulators</b>				
383	2.1	Residential regulators	\$ 18,954	\$ 19,333	\$ 19,739	\$ 20,173
378	2.2	Non-residential regulators	\$ 3,841	\$ 3,879	\$ 3,918	\$ 3,958
381	2.3	Residential meters	\$ 65,980	\$ 67,300	\$ 68,713	\$ 70,225
381	2.4	Non-residential meters	\$ 7,643	\$ 7,795	\$ 7,959	\$ 8,134
378	2.5	Rotary / turbine meters	\$ 35,026	\$ 35,727	\$ 36,477	\$ 37,280
378	2.6	Volume correctors	\$ 11,209	\$ 11,433	\$ 11,673	\$ 11,930
378	2.7	Pressure recorders	\$ 5,297	\$ 5,403	\$ 5,517	\$ 5,638
378	2.8	AMR	\$ 16,216	\$ 16,540	\$ 16,888	\$ 17,259
		<b>Project Total</b>	<b>\$ 164,166</b>	<b>\$ 167,410</b>	<b>\$ 170,884</b>	<b>\$ 174,597</b>
	<b>3</b>	<b>Main - Distribution</b>				
376	3.1	New installations	\$ -	\$ -	\$ -	\$ -
376	3.2	Systematic Replacement	\$ 941,556	\$ 960,387	\$ 980,555	\$ 1,034,880
376	3.3	Other replacement (Cross Town Line repair)	\$ 75,000	\$ 83,150	\$ 84,897	\$ 86,764
376	3.4	Other replacement (Leak Repair, system upgrades)	\$ -	\$ -	\$ -	\$ -
376	3.5	Blank	\$ -	\$ -	\$ -	\$ -
376	3.6	Blank	\$ -	\$ -	\$ -	\$ -
376	3.7	Blank	\$ -	\$ -	\$ -	\$ -
		<b>Project Total</b>	<b>\$ 1,016,556</b>	<b>\$ 1,043,538</b>	<b>\$ 1,065,452</b>	<b>\$ 1,121,644</b>
	<b>4</b>	<b>Main - HP Distribution</b>				
376	4.1	New installations	\$ -	\$ -	\$ -	\$ -
376	4.2	Line 11	\$ -	\$ -	\$ -	\$ -
376	4.3	Bath Reliability - Second Supply	\$ -	\$ 4,500,000	\$ -	\$ -
376	4.31	Line 15 Systematic Replacement	\$ 750,000	\$ -	\$ 787,500	\$ 826,875
376	4.4	Blank	\$ 350,000	\$ -	\$ 350,000	\$ 350,000
376	4.5	Blank	\$ -	\$ -	\$ -	\$ -
		<b>Project Total</b>	<b>\$ 1,100,000</b>	<b>\$ 4,500,000</b>	<b>\$ 1,137,500</b>	<b>\$ 1,176,875</b>
	<b>5</b>	<b>Main - Distribution extension</b>				
376	5.1	Blank	\$ -	\$ -	\$ -	\$ -
		<b>Project Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>6</b>	<b>Cathodic Protection</b>				
376	6.1	System Cathodic Protection	\$ 61,140	\$ 62,363	\$ 63,672	\$ 65,073
369	6.2	Blank	\$ -	\$ -	\$ -	\$ -
376	6.3	Blank	\$ -	\$ -	\$ -	\$ -
		<b>Project Total</b>	<b>\$ 61,140</b>	<b>\$ 62,363</b>	<b>\$ 63,672</b>	<b>\$ 65,073</b>
	<b>7</b>	<b>SCADA</b>				
391	7.1	Hardware / Software upgrade	\$ 30,570	\$ 31,181	\$ 31,836	\$ -
378	7.2	RTU /other equipment (current installation improvements)	\$ 45,855	\$ 46,772	\$ 47,754	\$ 32,537
		<b>Project Total</b>	<b>\$ 76,425</b>	<b>\$ 77,954</b>	<b>\$ 79,591</b>	<b>\$ 32,537</b>
	<b>8</b>	<b>M&amp;R Stations</b>				
378	8.1	M&R Station replacement	\$ 152,850	\$ 77,954	\$ 132,651	\$ 135,569
378	8.2	Herrington Station (odorizer install)	\$ -	\$ -	\$ -	\$ -
378	8.3	Orr Hill Station (odorizer install)	\$ -	\$ -	\$ -	\$ -
378	8.4	Blank	\$ -	\$ -	\$ -	\$ -
378	8.5	Blank	\$ -	\$ 200,000	\$ -	\$ -
		<b>Project Total</b>	<b>\$ 152,850</b>	<b>\$ 277,954</b>	<b>\$ 132,651</b>	<b>\$ 135,569</b>

**CORNING NATURAL GAS CORPORATION  
CASE 11-G-0280**

**CAPITAL BUDGET BY PROJECT**

Acct. No.	Project	Description	CY 2012	CY 2013	CY 2014	CY 2015
	<b>9</b>	<b>Transportation Equipment</b>				
392	9.1	Replace small vehicle	\$ 110,052	\$ 84,190	\$ 85,958	\$ 87,849
392	9.2	Replace 1987 Line Truck	\$ -	\$ 100,000	\$ -	\$ 100,000
392	9.3	Heavy Equip Trailer	\$ -	\$ -	\$ -	\$ -
392	9.4	Replace Backhoe	\$ -	\$ -	\$ -	\$ -
392	9.5	Purchase Mini Excav	\$ 55,000	\$ -	\$ -	\$ -
392	9.6	Replace small vehicle	\$ -	\$ -	\$ -	\$ -
392	9.7	Replace line tech truck	\$ -	\$ -	\$ -	\$ -
392	9.8	Replace dump truck	\$ -	\$ -	\$ -	\$ -
392	9.9	Replace backhoe	\$ -	\$ -	\$ -	\$ -
392	9.10	Replace 1987 line truck	\$ -	\$ -	\$ -	\$ -
392	9.11	Heavy Equipment Trailer	\$ -	\$ -	\$ -	\$ -
392	9.12	Replace line truck	\$ -	\$ -	\$ 150,000	\$ -
392	9.13	Replace 1996 line truck	\$ 18,000	\$ -	\$ -	\$ -
		<b>Project Total</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>
	<b>10</b>	<b>Tools and Equipment</b>				
394	10.1	Pipeline Locator	\$ 4,076	\$ 4,158	\$ 4,245	\$ 4,338
394	10.2	HFI	\$ 4,586	\$ -	\$ -	\$ 4,880
394	10.3	CGI	\$ 10,394	\$ 10,602	\$ 10,824	\$ 11,062
394	10.4	Portable Shoring	\$ 14,266	\$ -	\$ -	\$ -
394	10.5	CP Data Logger	\$ 15,285	\$ -	\$ -	\$ -
394	10.6	Blank	\$ -	\$ -	\$ -	\$ -
394	10.7	Electro fusion Controller	\$ -	\$ -	\$ 5,969	\$ -
394	10.8	Mueller (8" to 12") machine	\$ -	\$ 15,591	\$ -	\$ -
394	10.9	Health HFI	\$ -	\$ -	\$ 3,024	\$ -
394	10.10	Engineering survey equipment	\$ -	\$ -	\$ -	\$ -
394	10.11	Blank	\$ -	\$ -	\$ -	\$ -
394	10.12	GPS Survey Equipment	\$ -	\$ -	\$ -	\$ -
394	10.13	Welding Machine	\$ -	\$ -	\$ -	\$ -
394	10.14	Blank	\$ -	\$ -	\$ -	\$ -
394	10.15	Blank	\$ -	\$ -	\$ -	\$ -
394	10.16	Lighting	\$ 2,038	\$ -	\$ -	\$ -
394	10.17	Stopper Replacement Equipment	\$ -	\$ -	\$ -	\$ -
394	10.18	Misc. Tools and Equipment	\$ 25,000	\$ 27,500	\$ 30,000	\$ 32,500
		<b>Project Total</b>	<b>\$ 50,644</b>	<b>\$ 50,643</b>	<b>\$ 50,643</b>	<b>\$ 50,643</b>
	<b>11</b>	<b>Safety Equipment</b>				
394	11.1	PPE	\$ 25,475	\$ 23,386	\$ 23,877	\$ 24,402
394	11.2	Flash fire coveralls / hood / gloves	\$ 2,250	\$ 2,295	\$ 2,343	\$ 2,395
394	11.3	Supplied Air Respirator	\$ -	\$ -	\$ -	\$ -
394	11.4	Confined space gas monitor	\$ -	\$ -	\$ -	\$ -
		<b>Project Total</b>	<b>\$ 27,725</b>	<b>\$ 25,681</b>	<b>\$ 26,220</b>	<b>\$ 26,797</b>
	<b>12</b>	<b>General Office</b>				
390	12.1	HVAC	\$ -	\$ -	\$ -	\$ -
390	12.2	Parking Lot Refurbishment	\$ -	\$ -	\$ -	\$ -
390	12.3	Office Furniture and Equipment	\$ 7,643	\$ 7,795	\$ 7,959	\$ 8,134
390	12.4	Building Upgrades	\$ 15,285	\$ 22,500	\$ 25,000	\$ 25,000
		<b>Project Total</b>	<b>\$ 22,928</b>	<b>\$ 30,295</b>	<b>\$ 32,959</b>	<b>\$ 33,134</b>
	<b>13</b>	<b>IT equipment</b>				
391	13.1	Computers / software	\$ 25,475	\$ 25,985	\$ 26,530	\$ 27,114
391	13.2	Field Laptops	\$ 2,446	\$ 2,495	\$ 2,547	\$ 2,603
391	13.3	Field GPS equipment	\$ 510	\$ -	\$ 531	\$ 542
391	13.4	CADD Software replacement	\$ 5,000	\$ -	\$ -	\$ -
391	13.5	Blank	\$ -	\$ -	\$ -	\$ -
391	13.6	Printer and Computer Replacement	\$ 7,643	\$ 7,795	\$ 7,959	\$ 8,134
391	13.7	Accounting and Billing System Upgrade	\$ 500,000	\$ 350,000	\$ 150,000	\$ -
391	13.8	Enterprise Software (Microsoft and Norton Updates)	\$ 12,738	\$ 12,992	\$ 13,265	\$ 13,557
391	13.9	AS400 Equipment/Software/Licensing Costs	\$ -	\$ 62,363	\$ 63,672	\$ 65,073
		<b>Project Total</b>	<b>\$ 553,810</b>	<b>\$ 461,629</b>	<b>\$ 264,504</b>	<b>\$ 117,023</b>
	<b>14</b>	<b>Major Projects</b>				
369	14.1	Virgil expansion - Main & Services	\$ -	\$ -	\$ -	\$ -
380	14.2	Blank	\$ -	\$ -	\$ -	\$ -
383	14.3	Blank	\$ -	\$ -	\$ -	\$ -
378	14.4	Blank	\$ -	\$ -	\$ -	\$ -
369	14.6	Cross Town-E Pultney repair 2010	\$ -	\$ -	\$ -	\$ -
		<b>Project Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
		<b>Total Budget</b>	<b>\$ 3,921,034</b>	<b>\$ 7,404,152</b>	<b>\$ 3,740,743</b>	<b>\$ 3,664,126</b>

# **APPENDIX K**

## **Net Plant True-up**

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**

**NET PLANT TRUE UP TEST**

		RATE YEAR 1			
		GROSS PLANT BALANCE	NIB CWIP BALANCE	DEPRECIATION RESERVE BALANCE	AVERAGE DEFERRED TAXES
		A	B	C	D
Apr-12	(1/2)	25,091,745	-	7,112,195	
May-12		50,559,477	-	14,292,491	
Jun-12		51,091,313	-	14,361,738	
Jul-12		51,615,075	-	14,432,670	
Aug-12		52,137,854	-	14,505,299	
Sep-12		52,507,872	-	14,579,777	
Oct-12		52,793,767	-	14,655,635	
Nov-12		52,771,585	-	14,732,913	
Dec-12		52,746,125	-	14,810,525	
Jan-13		52,804,004	-	14,888,460	
Feb-13		52,872,227	-	14,966,803	
Mar-13		52,939,032	-	15,045,542	
Apr-13	(1/2)	26,722,192	-	7,562,202	
AVG OF THE MONTHLY AVG		\$ 52,221,022	\$ -	\$ 14,662,188	\$ 5,135,789
NET PLANT TARGET PER ORDER		\$	32,423,046	$E = A + B - C - D$	
EXAMPLE ACTUAL NET PLANT		\$	32,000,000	$F$	
OVER/(UNDER)		\$	(423,046)	$G = F - E$	
Pre Tax Rate of Return			10.61%	$H$	
Carrying Costs		\$	(44,885)	$I = G * H$	
Average Plant Balance		\$	52,221,022	$A$	
Actual Depreciaton Expense		\$	1,065,871	$J$	
Composite Depreciation Rate			2.041%	$K = J/A$	
Delta Depreciation Expense		\$	(8,635)	$L = G * K$	
Total Carrying Costs		\$	(53,520)	$M = I + L$	

NOTE:

The Net Plant targets shall reflect JP provisions V.D.1-5

The Net Plant In Service includes all writedowns (e.g. Virgil Surcharge, Rootwell Surcharge, Service Adjustment), however these writedowns are not specifically identified in this Appendix.



**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**

**NET PLANT TRUE UP TEST**

		RATE YEAR 2			
		GROSS PLANT BALANCE	NIB CWIP BALANCE	DEPRECIATION RESERVE BALANCE	AVERAGE DEFERRED TAXES
		A	B	C	D
Apr-13	(1/2)	26,722,192	-	7,562,202	
May-13		54,237,713	-	15,204,339	
Jun-13		55,262,787	-	15,285,928	
Jul-13		56,439,709	-	15,370,009	
Aug-13		57,616,655	-	15,456,372	
Sep-13		58,497,935	-	15,545,198	
Oct-13		59,228,649	-	15,635,828	
Nov-13		59,364,750	-	15,728,255	
Dec-13		59,495,221	-	15,820,983	
Jan-14		59,558,252	-	15,913,998	
Feb-14		59,618,196	-	16,007,192	
Mar-14		59,681,219	-	16,100,568	
Apr-14	(1/2)	29,985,332	-	8,096,893	
AVG OF THE MONTHLY AVG		\$ 57,975,717	\$ -	\$ 15,643,980	\$ 5,204,367
NET PLANT TARGET PER ORDER		\$ 37,127,370	E = A + B - C - D		
EXAMPLE ACTUAL NET PLANT		\$ 37,500,000	F		
OVER/(UNDER)		\$ 372,630	G		
Pre Tax Rate of Return		10.42% H			
Carrying Costs		\$ 38,828	I		
Average Plant Balance		\$ 57,975,717	A		
Actual Depreciaton Expense		\$ 1,239,069	J		
Composite Depreciation Rate		2.137% K= J/A			
Delta Depreciation Expense		\$ 7,964	L = G *K		
Total Carrying Costs		\$ 46,792	M = I + L		

NOTE:

The Net Plant targets shall reflect JP provisions V.D.1-5

The Net Plant In Service includes all writedowns (e.g. Virgil Surcharge, Rootwell Surcharge, Service Adjustment), however these writedowns are not specifically identified in this Appendix.

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**

**NET PLANT TRUE UP TEST**

		RATE YEAR 3			
		GROSS PLANT BALANCE	NIB CWIP BALANCE	DEPRECIATION RESERVE BALANCE	AVERAGE DEFERRED TAXES
		A	B	C	D
Apr-14	(1/2)	29,985,332	-	8,096,893	
May-14		60,412,132	-	16,287,443	
Jun-14		61,004,872	-	16,381,859	
Jul-14		61,596,457	-	16,477,579	
Aug-14		62,188,065	-	16,574,606	
Sep-14		62,630,342	-	16,673,162	
Oct-14		62,995,220	-	16,772,813	
Nov-14		63,058,154	-	16,873,734	
Dec-14		63,115,457	-	16,974,834	
Jan-15		63,176,952	-	17,076,098	
Feb-15		63,235,360	-	17,177,521	
Mar-15		63,296,846	-	17,279,107	
Apr-15	(1/2)	31,790,072	-	8,690,224	
AVG OF THE MONTHLY AVG		\$ 62,373,772	\$ -	\$ 16,777,989	\$ 5,358,920
NET PLANT TARGET PER ORDER		\$ 40,236,862	$E = A + B - C - D$		
EXAMPLE ACTUAL NET PLANT		\$ 40,000,000	F		
OVER/(UNDER)		\$ (236,862)	G		
Pre Tax Rate of Return		10.35% H			
Carrying Costs		\$ (24,522)	I		
Average Plant Balance		\$ 62,373,772	A		
Actual Depreciaton Expense		\$ 1,352,034	J		
Composite Depreciation Rate		2.168% $K = J/A$			
Delta Depreciation Expense		\$ (5,134)	$L = G * K$		
Total Carrying Costs		\$ (29,657)	$M = I + L$		

NOTE:

The Net Plant targets shall reflect JP provisions V.D.1-5

The Net Plant In Service includes all writedowns (e.g. Virgil Surcharge, Rootwell Surcharge, Service Adjustment), however these writedowns are not specifically identified in this Appendix.

**CORNING NATURAL GAS CORPORATION  
CASE 11-G-0280**

**NET PLANT TRUE UP TEST**

	Total Carrying Costs	Interest Rate	Accumulated Interest	Total
Rate Year 1	\$ (53,520)	10.46%	\$ (11,197)	\$ (64,717)
Rate Year 2	\$ 46,792		\$ 4,895	\$ 51,687
Rate Year 3	\$ (29,657)		\$ -	\$ (29,657)
Total Rate Period	\$ (36,385)		\$ (6,303)	\$ (42,687)

**NOTE:**

If the sum of the carrying charges and interest over the Rate Period results in a shortfall, the amount is owed to customers.

If the sum of the carrying charges and interest over the Rate Period results in an excess, nothing is owed to customers and the Company will not surcharge customers the difference.

The recording of accounting accruals as part of plant additions shall be corrected to reflect the actual time period the construction occurred and the actual costs incurred.

# **APPENDIX L**

## **Capital Expenditure Justification**

**PROJECT NAME**  
**Project Number**

Project Description

Summary of proposed project

Project Analysis

Background explaining why the project is needed

Project history, including past project revisions (project type – one time / long term program)

Risk Scores (safety, reliability, etc)

Finance

Estimated Cost: Include any cost assumptions

Estimated Cost Range:

Expenditures to Date:

How will any overspend be funded?

Investment Planning:

Year 1

Year 2

Year 3

Year 4

Year 5 +

Resources Needed

Internal, External

Operational Impact on System

Project Risk

Risk of project slipping

Project Milestones

Start/Completion Dates

Customer Impact

Identify impacts to service and reliability if this project was not performed.

Summary of Project Benefits

Quantify potential project benefits

Options

Stop project?, Operate as is?, Continue the program?, Alternatives?

Recommendations

Appendix

Contractor estimates, project background, etc.

# **APPENDIX M**

**Draft Bath Agreement**

**“FINAL” DRAFT: 1/12/12**

**SERVICE AGREEMENT BETWEEN CORNING NATURAL GAS CORPORATION  
AND BATH, ELECTRIC, GAS AND WATER SYSTEMS**

This Agreement made this \_\_\_ day of \_\_\_\_\_, 2012, by and between CORNING NATURAL GAS CORPORATION of Corning, New York, hereinafter called “Seller,” and the VILLAGE OF BATH, New York, acting through Bath Electric Gas and Water System, hereinafter called “Buyer.”

WITNESSETH: In consideration of the mutual covenants herein contained, the parties hereto agree that Seller will sell to Buyer and Buyer will purchase from Seller natural gas for and during the term, at the prices and on the terms and conditions hereinafter provided and under and subject to all provisions of the General Information and applicable Service Classifications contained in Seller’s current Schedule for Gas Service applicable for service to Buyer or any successor to such Schedule, filed with and, where required, approved by the New York State Public Service Commission, hereinafter called “Public Service Commission.”

**ARTICLE 1  
QUANTITIES**

Beginning on the date on which deliveries of gas are commenced hereunder and thereafter for the remaining term of this Agreement, Seller will deliver to Buyer and Buyer will take and pay Seller for all natural gas required for system supply by Buyer as set forth in this Article.

As provided herein, Seller will supply the natural gas required by the present and the future firm, non-transportation customers taking sales service served by Buyer in its franchise territory in and about the Village of Bath, State of New York, as approved by the Public Service Commission.

The Seller will offer Buyer transportation services and capacity conversion rights consistent with

**“FINAL” DRAFT: 1/12/12**

its tariff and the rules of the Public Service Commission and Federal Energy Regulatory Commission. Seller agrees to assist Buyer in obtaining any assignments, releases, regulatory approvals or any other actions that may be necessary in effectuating this provision, so as to afford Buyer full and economical access to the interstate gas pipeline system. Upon 365 days written notice, the Buyer may elect to purchase gas on its own behalf.

At Seller's request, on or before April 1<sup>st</sup> of each year Buyer shall furnish to Seller an estimate in writing, which shall show the quantity of natural gas Buyer will require for the next 12 months, and the maximum daily quantity the Buyer will require during said 12-month period. This written estimate shall be made in a form similar to Exhibit "A." In addition, upon request of Seller, Buyer shall give notice at any time, as far in advance as operating conditions will permit, of the estimated daily, monthly and annual quantities of natural gas required for supply of consumers dependent upon Buyer. Buyer and Seller will cooperatively work in good faith to develop such estimates as may be required. Buyer recognizes the potential that pipeline penalties may be imposed upon Buyer's system when prudent and appropriate.

## **ARTICLE II RATE**

For all gas purchased by Buyer from Seller hereunder, Buyer shall pay Seller in accordance with the applicable Service Classifications contained in Seller's current Schedule for Gas Service applicable for service to Buyer, any successor to such Schedule, or such other applicable rate schedules, including all approved applicable rate adjustments and surcharges as are contained in Seller's Schedule for Gas Service filed with and, where required, approved by the Public Service Commission. Any revisions of said Service Classifications, which shall be filed and made effective, shall apply to and become a part of this Agreement. Seller shall have the right to



**“FINAL” DRAFT: 1/12/12**

propose to the Public Service Commission, or other body having jurisdiction, changes in the rates or charges effective as to Buyer.

### **ARTICLE III TERM OF AGREEMENT**

Seller will commence deliveries of gas hereunder on the date this Agreement becomes effective as an executed Service Agreement, and the sale and purchase of gas hereunder shall continue until May 30, 2022, and thereafter will be renewed automatically for two-year periods until terminated either by Seller or Buyer upon 12 months' prior written notice to the other specifying a termination date at the end of or after such period.

Buyer may terminate this Agreement at any time after December 31, 2016, upon two years' notice, and payment of an “exit fee” as described in the Gas Rates Joint Proposal in Case 11-G-0280 dated January 13, 2012, as approved or modified by the Public Service Commission in Public Service Commission orders issued in Case 11-G-0280 or other applicable proceedings.

Buyer may exercise the provisions of Article 1, Paragraph 2 at any time, upon 365 calendar days prior written notice. Notwithstanding the foregoing, Buyer may terminate this Agreement or exercise the provisions of Article 1, Paragraph 2 if Seller seeks protection from creditors pursuant to federal law, or if Seller's upstream suppliers determine Seller to be in material breach of its upstream capacity or supply agreements.

**ARTICLE IV  
POINTS OF DELIVERY**

The Points of Delivery for all gas to be delivered by Seller to Buyer hereunder shall be:  
Murray Avenue Meter and Regulator Station, located south of Murray Avenue in the Village of  
Bath, Steuben County, New York and such other points as the parties may mutually designate.

**ARTICLE V  
SYSTEM RELIABILITY**

Seller agrees to use due care and diligence in meeting Buyer's needs. Seller agrees to implement the Line 15 Systematic Replacement Program and Reliability Project, as defined in the Gas Rates Joint Proposal in Case 11-G-0280 dated January 13, 2012, as required by current and future Public Service Commission Orders, including, but not limited to, Orders issued in Public Service Commission Cases 08-G-1137 and 11-G-0280, and to meet requisite Federal and State standards for such pipelines. Seller, before January 1, 2013, will provide a written re-evaluation of supply options to Buyer's system, which will include, *inter alia*, options to develop a second source of supply or interconnection for Buyer's system. In addition, Seller shall provide Buyer with a schedule of improvement and reliability work each year of this Agreement as information for Buyer regarding work that is proposed. This work shall be in accordance with Public Service Commission Orders and financial terms that are acceptable to Seller.

Seller will make an attempt to connect local production and/or storage gas to Line 15 in an effort to improve reliability and to benefit Buyer's future cost of gas.

**ARTICLE VI  
MISCELLANEOUS**

No modification of the terms and provisions of this Agreement shall be or become effective except by written document executed by both parties. No such modification shall result in a change to the “exit fee” described in Article III, above, or other requirements of the Public Service Commission unless approved by the Public Service Commission.

No waiver by any party of any one or more defaults by the other in performance of the provisions of this Agreement shall operate or be construed as a waiver of any other default or defaults whether of a like or a different character.

Any successor by purchase, merger or consolidation to the properties, substantially as an entirety, of Seller or of Buyer, as the case may be, shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under this Agreement, except that, if the successor is the sole supplier of gas to Buyer, Buyer may, at its discretion, negotiate individual changes in this Agreement having to do with lowering the cost of gas to Buyer because of changes in the natural gas market. It is the intent of this exception that the Buyer have available all rights and privileges of Seller with regard to having direct access to the natural gas market.

Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this Agreement, or any notice which either party may desire to give to the other, shall be in writing and shall be considered as duly delivered when mailed by registered or certified mail to the post office address of the parties hereto, as the case may be, as follows:

Seller: Stanley G. Sleeve, Vice President  
Corning Natural Gas Corporation  
330 W. William Street

Buyer: \_\_\_\_\_, Director  
Bath Electric, Gas and Water Systems  
P.O. Box 310

**“FINAL” DRAFT: 1/12/12**

Corning, New York 14830

7 South Avenue  
Bath, New York 14810

Or at such other address as either party shall designate by formal written notice. Routine communications, including monthly statements and payments, shall be considered as duly delivered when mailed by registered or certified mail. Funds may be sent by Electronic Funds Transfer or other mutually acceptable means.

Both parties agree to meet at a minimum twice annually to discuss operating issues. Meetings shall be scheduled at a time and location that is mutually agreeable. The parties agree to use best efforts to resolve any disputes, and either party may consult with the Department of Public Service Staff. The parties agree to the Department of Public Service Staff's participation in any efforts to resolve disputes hereunder.

This Agreement and the respective obligations of the parties hereunder are subject to valid laws, orders, rules and regulations of duly constituted authorities having jurisdiction.

Any portion of this Agreement that may be adjudged void or invalid shall not invalidate the whole or remainder of this Agreement unless it is a material provision.

#### **ARTICLE VII CANCELLATION OF PRIOR CONTRACTS**

This Agreement supersedes all previous agreements, oral or written, between the parties pertaining to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by Seller's Vice President and Buyer's Director or other representative of Buyer, both of whom are duly

**“FINAL” DRAFT: 1/12/12**

authorized to do so, and attested to by, respectively, Seller’s Secretary and, on behalf of Buyer,  
the Village of Bath Clerk, with the respective corporate seals affixed thereto the day and year first  
written above.

CORNING NATURAL GAS CORPORATION

Attest:

\_\_\_\_\_

By \_\_\_\_\_  
Stanley G. Sleeve, Vice President

BATH ELECTRIC GAS AND WATER SYSTEMS

Attest:

\_\_\_\_\_

By \_\_\_\_\_  
\_\_\_\_\_, Director

**“FINAL” DRAFT: 1/12/12**

**EXHIBIT “A”**

DATE: \_\_\_\_\_

12 MONTH PERIOD BEGINNING SEPTEMBER 1, 20\_\_

ESTIMATE ANNUAL QUANTITY IN MCF: \_\_\_\_\_

ESTIMATE MAXIMUM DAILY QUANTITY IN MCF: \_\_\_\_\_

MONTH	DAILY MCF	MONTHLY MCF
SEPTEMBER		
OCTOBER		
NOVEMBER		
DECEMBER		
JANUARY		
FEBRUARY		
MARCH		
APRIL		
MAY		
JUNE		
JULY		
AUGUST		

By: \_\_\_\_\_

Title: \_\_\_\_\_

Remarks:

# **APPENDIX N**

## **Reliability Charge and Project Schedule**

**Corning Natural Gas Corporation**  
**CASE 11-G-0820**

**DEVELOPMENT OF BATH'S RELIABILITY SURCHARGE**

DEPRECIATION RATE	1.52%
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**WITH CONTRACT**

TOTAL RELIBILITY PROJECT	\$	2,000,000
ESTIMATED DEPRECATON	\$	303,030
ADJUSTED TARGET	\$	1,696,970
CONTRACT TERM (YEARS)		10
RECOVERY PER YEAR	\$	169,697
FORECASTED ANNUAL BATH THROUGHPUT (CCF)		4,118,945
RELIBILITY SURCHARGE RATE (\$/CCF)	\$	0.0412



**Corning Natural Gas Corporation  
Project Timeline  
May 2012 to October 2013**

	Inergy Interconnect Project Estimate \$4,500,000					
	<u>Engineering and Design</u>	<u>Article 7 / Permitting</u>	<u>Distribute Bid Package</u>	<u>Contract Award</u>	<u>Material Acquisition</u>	<u>Construction</u>
2012 May	X					
2012 June	X					
2012 July	X	X				
2012 August		X				
2012 September		X				
2012 October		X				
2012 November		X				
2012 December		X				
2013 January		X				
2013 February		X			X	
2013 March			X		X	
2013 April			X	X	X	
2013 May				X		X
2013 June						X
2013 July						X
2013 August						X
2013 September						X
2013 October						X

# **APPENDIX O**

## **Tariff Consolidation**

**Corning Natural Gas**  
**Case 11-G-0280**  
**Consolidated Tariffs**

	Staff Proposed Tariffs	Rate Codes	Corning- Current Tariffs	Hammondsport - Current Tariffs	Bath - Current Tariffs
SC 1	Residential	RI, RO, TI, TO, VRO, HR, HRO, HZ, HZO	SC 1 - Residential	SC 1 - Residential	
SC 2	Large General Service/Industrial	BR	SC 2 - Industrial Customer		Bath EG&W - Firm
SC 3	General Service - Non Residential	MI, MO, VMO, XI, XO, CI, CO, VCO, BI, BO, HC, HCO, HOF, HCZ, HIF, II, IO	SC 3 A- Resale by Public Utility Corporati	SC 2 - General non residential	
SC 4	For Future Use				
SC 5	Lighting	GL01, GLO2 (Fixed Charge Code)	SC 5 - Outdoor Gas Lighting		
SC6	Firm Trans annual min 5000 Mcf	CT, CTO, MT, MTO, PT, PTO, HT,HTO	SC 6 -Firm Transportation to retail customers served by SC 1 with min vol of 5,000 Mcf Annually SC 9 - Firm Transportation for wholesale to public utility SC 16 - Third Party Suppliers - Delivery to Transportation Customers SC 8 - Firm Transportation to end use customer of a wholesale customer served by SC 3 or 9	SC 4 - Transportation SC 5 - Firm Transportation that qualifies for SC 1 or 2	
SC7	Firm Trans annual min 25000 Mcf	IT, ITO, BC3, BC4	SC 7 - Industrial Transportation min 25000		SC 3 - Firm Transportation Applicable to an End-Use Customer Served by SC1 SC 4 - Firm Transportation Applicable to an End-Use Customer Served by SC2
SC8	IT and Supplemental Service			SC 4 - IT SC 3 Interruptible Large	
SC9	Duel Fuel for Electric Gen		SC 18 - Interruptible transportation for electric generation having dual fuel and capacity >50 MW	SC 8 - Interruptible transportation for electric generation having dual fuel and capacity >50 MW	
SC10	Duel Fuel Transportation	HTF,OTF,SC5	SC 10- Large Volume Dual Fuel Transportation to retail customers served by SC 2 with min vol of 25,000 Mcf Annually		
SC11	Contracts	DPT, GP, WK, MP, AB	SC 11 - Negotiated Contracts SC 17 - Sale of gas		
SC 12	Capacity Assignment		SC 12 - Capacity Assignment		
SC 13	General Service - Economic Development		SC 13 - General Service - Economic Development	SC 6 - General Service Economic Development	SC 6 - General Service Economic Development
SC14 A	Aggregate Residential Transportation	ARO, HA	SC 14 - Agg Firm Trans	SC 7- Aggregate Firm Transportation	
SC 14B	Aggregate Commercial Transportation	HAC, ACO, AMO			
SC 15	Storage Services		SC 15 - Storage Service		
SC 16	Non-Res DG		SC 19 - Non-residential DG	SC 9 - Non-residential DG	

# **APPENDIX P**

## **Lost and Unaccounted For Gas**

# Corning Natural Gas

## Case 11-G-0280

### Loss and Unaccounted for Gas

Table 1. Lost and Unaccounted for Gas - Factor of Adjustment

	Total Sendout	Total Disposition	Loss %	FACTOR OF ADJUSTMENT (FOA)
2010	9,107,756	9,044,945	0.6676%	1.0069
2009	7,900,189	7,796,015	1.3186%	1.0134
2008	8,740,169	8,706,368	0.3867%	1.0039
		3-Year Average		1.0081
		Standard Dev		0.0048
		2 x Standard Dev		0.0097
		<b>Bottom of Band</b>		<b><u>1.0000</u></b>
		<b>Top of Band</b>		<b><u>1.0194</u></b>

Table 2. Sample calculation of total disposition and total deliveries.

Total Disposition (Mcf)		Total Deliveries (Mcf)	
Corning			
Whiskey Creek	2,412,930	NYSEG Local	1,090,430
Addison	2,957,632	Stand Local	162,781
Virgil	21,987	Whiskey Creek	1,856,123
Coopers(TCO)	235,468	Corning Sales	1,131,514
Fortuna (Maxwell/Eolin/Curren)	2,696,816	Corning Transport	3,993,283
Hammondsport			
Hammondsport @ Route 54	131,217	Hammondsport Firm	44,795
		Hammondsport Trans	89,324
Avenue A	50,695	A.L. Blades Burner Tip	48,346
Bath			
Line 15	601,012	Murray For Bath	154,919
		Murray for Hammondsport	93,663
		Murray for AL Blades	50,695
		Bath Firm	284,278
		Hammondsport Firm	44,795
Total	(1) 9,107,756	(2)	9,044,945
Actual FOA = (1)/(2)			1.0069

**Table 3. Sample calculation of Factor of Adjustment with different scenarios.**

Examples	Sendout (ccf)	Sales (ccf)	Firm Service Deliveries*		Factor of Adjustment			
			Full Service (MCF)	Transportation (MCF)	Bottom of Band	Tariff	Top of Band	Actual
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
High Out of Band	9,234,889	9,044,945	1,463,179	1,610,454	1.000	1.008	1.0194	1.0210
High In Band	9,135,395	9,044,945	1,463,179	1,610,454	1.000	1.008	1.0194	1.0100
At Tariff	9,117,305	9,044,945	1,463,179	1,610,454	1.000	1.008	1.0194	1.0080
Low In Band	9,057,061	9,044,945	1,463,179	1,610,454	1.000	1.008	1.0194	1.0013
Below 0	9,026,855	9,044,945	1,463,179	1,610,454	1.000	1.008	1.0194	0.9980

**Table 4. Sample calculation of surcharge or refund under different scenarios.**

Situation	Full Service Deliveries					Transportation		
	Total Commodity (\$)	Commodity Cost (\$)	Tariff Loss (\$)	Surcharge / Refund (\$)	Penalty / (Incentive) (\$)	Delivered (\$)	Surcharge / (Refund) (\$)	Penalty / (Incentive) (\$)
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
High Out of Band	7,574,208	7,315,895	58,527	83,401	11,705	8,116,688	91,796	12,884
High In Band	7,405,158	7,315,895	58,527	14,632	-	8,116,688	16,105	-
At Tariff	7,374,422	7,315,895	58,527	-	-	8,116,688	-	-
Low In Band	7,272,063	7,315,895	58,527	(48,727)	-	8,116,688	(53,632)	-
Below 0	7,220,740	7,315,895	58,527	(73,159)	-	8,116,688	(80,523)	-

- (1) Total Send out include all metered reads from interstate pipelines, local production, and any other source of gas coming into Corning's pipeline system.
- (2) Total Sales include all gas leaving Corning's system which includes, all customers' meter reads, deliveries to other systems, and all other gas that are leaving Corning's system.
- (3) Firm Service - Full Service Sales (**FS**): Sales volumes from all full service customers which include but not limited to residential, public lighting, public authorities and commercial customers.
- (4) Firm Service – Transportation Sales (**TS**): Sales volumes from all transportation customers which include but not limited to residential, public authority, and commercial customers.
- (5) FOA – Bottom of the Band (**FOA<sub>Bottom</sub>**): The bottom of the dead band (1.000) will remain unchanged through the rate periods or until changed by the Commission.
- (6) FOA – Tariff (**FOA<sub>T</sub>**): The tariff FOA is set at 1.0081 using a three-year average. The FOA remains unchanged through the rate periods or until changed by the Commission.
- (7) FOA – Top of the Band (**FOA<sub>Top</sub>**): The Top of the dead band of 1.0195 will remain unchanged through the rate periods or until changed by the Commission.
- (8) FOA – Actual(**FOA<sub>A</sub>**): The actual FOA is determined annually using the following equation:

$$FOA_A = \frac{\text{Total Sendout (1)}}{\text{Total Deliveries (2)}}$$

- (9) Total Commodity Cost (C) – The total cost of gas the company paid or required to bring into the system to adequately provide gas service to all firm customers. Total Commodity Cost was determined the following equation. This equation was used in example calculation above and should not be used in the Company’s filings. Gas cost was assumed be a constant of \$5/Mcf for the ease of calculation.

$$C = \$5 * (FS * FOA_T + C_{NL} * \frac{TS (4)}{FS (3)} * (FOA_A - FOA_T))$$

- (10) Full Service – Commodity Cost (C<sub>FS</sub>): The total commodity cost of the gas that were used by full service customers. The sample calculation shown above assumed constant 5\$ cost of gas for the ease of calculation. The commodity cost of gas in the above calculation was determined using this equation:

$$C_{FS} = \$5 * FS$$

- (11) Tariff Loss – The cost of lost gas associated with full service sales when FOA is at 1.008.

$$\text{Tariff Loss} = (FOA_T - 1) * C_{FS}$$

- (12) Surcharge (Refund) – The amount that has to be surcharged (refunded) to Full Service customers depending on the actual FOA. The calculation is shown below.

$$\text{If } 1.000 < FOA_A < 1.0195$$

$$\text{Surcharge/(Refund) for Full Service Customers} = (FOA_A - FOA_T) * C_{FS}$$

$$\text{If } FOA_A > 1.0195$$

$$\text{Surcharge for Full Service Customers} = (FOA_{top} - FOA_T) * C_{FS}$$

$$\text{If } FOA_A < 1.000$$

$$\text{Refund for Full Service Customers} = (FOA_T - FOA_A) * C_{FS}$$

- (13) Penalty – The cost of gas from full service sales in which the company cannot recover when the actual FOA exceed the dead band. The amount can be calculated using the following equation.

$$\text{When } FOA_A > 1.0195$$

$$\text{Full Service Penalty} = (FOA_A - FOA_{top}) * C_{FS}$$

- (14) Delivered – The costs of gas brought into the system by transportation customers including extra gas to compensate for the lost gas in the system based on the tariff FOA.

$$\text{Cost of Gas Delivered by Transportation Customers} = FOA_T * C_{FS} * \frac{TS}{FS}$$

(15) Surcharge (Refund) - The amount that has to be surcharged (refunded) to firm transportation customers based on the actual FOA. The surcharge (refund) can be calculated using the following equation:

**If  $1.000 < FOA_A < 1.0195$**

$$\text{Surcharge/(Refund) for Firm Transportation Customers} = (FOA_A - FOA_T) * C_{FS} * \frac{TS}{FS}$$

**If  $FOA_A > 1.0195$**

$$\text{Surcharge for Firm Transportation Customers} = (FOA_{top} - FOA_T) * C_{FS} * \frac{TS}{FS}$$

**If  $FOA_A < 1.000$**

$$\text{Refund for Firm Transportation Customers} = (FOA_T - FOA_A) * C_{FS} * \frac{TS}{FS}$$

(16) Penalty – The costs of lost gas from transportation customers that the company is unable to recover when the FOA actual exceeds the dead band.

**When  $FOA_A > 1.0195$**

$$\text{Transportation Penalty} = (FOA_A - FOA_{top}) * C_{FS} * \frac{TS}{FS}$$

**Calculation of Surcharge/Refund Rate for both transportation and full service customers:**

$$\text{Rate} = \frac{FS \text{ Surcharge(Refund amount)}(12) + TS \text{ Surcharge (Refund Amount)}(15)}{\text{Total Forecasted Firm Service Deliveries for the upcoming period}}$$



# **APPENDIX Q**

## **Revenue Decoupling Mechanism**

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**STAFF's RDM Targets**

**RATE YEAR 1**

**Corning Residential - RI, RO, TI, VR, TO, HA, HR, & HRO**

FORECAST USE PER CUSTOMER	924	CCF
FORECAST AVERAGE NUMBER OF CUSTOMERS	13,719	
FORECAST THROUGHPUT	12,682,478	CCF
PROPOSED DELIVERY REVENUE	\$	7,266,321
RDM TARGET PER CUSTOMER	\$	529.67

**RATE YEAR 2**

**Corning Residential - RI, RO, TI, VR, TO, HA, HR, & HRO**

FORECAST USE PER CUSTOMER	922	CCF
FORECAST AVERAGE NUMBER OF CUSTOMERS	13,764	
FORECAST THROUGHPUT	12,687,204	CCF
PROPOSED DELIVERY REVENUE	\$	7,909,077
RDM TARGET PER CUSTOMER	\$	574.63

**RATE YEAR 3**

**Corning Residential - RI, RO, TI, VR, TO, HA, HR, & HRO**

FORECAST USE PER CUSTOMER	919	CCF
FORECAST AVERAGE NUMBER OF CUSTOMERS	13,809	
FORECAST THROUGHPUT	12,691,930	CCF
PROPOSED DELIVERY REVENUE	\$	8,147,676
RDM TARGET PER CUSTOMER	\$	590.02

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**  
RDM LINKING PERIOD EXAMPLE

Corning Residential

	Customers	Customers	RDM Revenues	RDM Revenues	
May-11	10,464		\$ 347,695		
Jun-11	10,469		\$ 244,239		
Jul-11	10,395		\$ 228,975		
Aug-11	10,350		\$ 219,862		
Sep-11	10,214	10,214	\$ 221,482	\$ 221,482	
Oct-11	10,360	10,360	\$ 326,550	\$ 326,550	
Nov-11	10,409	10,409	\$ 404,153	\$ 404,153	
Dec-11	10,419	10,419	\$ 543,655	\$ 543,655	
Jan-12	10,469	10,469	\$ 700,165	\$ 700,165	
Feb-12	10,519	10,519	\$ 663,458	\$ 663,458	
Mar-12	10,533	10,533	\$ 565,042	\$ 565,042	
Apr-12	10,529	10,529	\$ 452,137	\$ 452,137	
	10,428 A	10,432 B	\$ 4,917,413 C	\$ 3,876,641 D	
Allowed Revenues 12 Month Target					\$ 473.73 E
Allowed Revenues 8 Month Target					\$ 373.46 F = E * (D/C)
8 Month Avg Cust X 8 Month Target					\$ 3,895,799 G = B X F
8 Month Actual delivery Revenues					\$ 3,876,641 D
Surcharge or (Refund) = Allowed - Collected					\$ (19,158) D - G

Note: Used SEP 2009 - AUG2010 Results as an example

- A 12 month Customer Average
- B 8 month Customer Average
- C 12 Month actual delivery revenues collected
- D 8 month actual delivery revenues collected
- E target set for final year of current rate plan

# **APPENDIX R**

## **Transportation Balancing**

Case11-G-0280  
Corning Natural Gas Corporation  
Balancing and Cash-Out Tiers

<b>Current</b>			
End of Month Cash-Out Table for Monthly Balanced Customers			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
0 to -10%	No Cash-Out	0 to +10%	No Cash-Out
-10% to -15%	110% of Market Price	+10% to +15%	90% of Market Price
-15% to -20%	115% of Market Price	+15% to +20%	85% of Market Price
< -20%	125% of Market Price	> +20%	75% of Market Price
Daily Cash-Out Table for Daily Balanced Customer			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
0 to -10%	No Cash-Out	0 to +10%	No Cash-Out
-10% to -15%	110% of Market Price	+10% to +15%	90% of Market Price
-15% to -20%	120% of Market Price	+15% to +20%	80% of Market Price
< -20%	150% of Market Price	> +20%	50% of Market Price
End of Month Cash-Out Table for Daily Balanced Customer			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
0 to -10%	No Cash-Out	0 to +10%	No Cash-Out
-10% to -15%	110% of Market Price	+10% to +15%	90% of Market Price
-15% to -20%	120% of Market Price	+15% to +20%	80% of Market Price
< -20%	150% of Market Price	> +20%	50% of Market Price
End-of-Month Rollover - No Cashout			
No Harm - No Foul Rule for Daily Imbalances			

Case11-G-0280  
Corning Natural Gas Corporation  
Balancing and Cash-Out Tiers

Period 1 (Starting 5-1-12)			
City Gate Balancing (Daily Nominations)			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
< -2%	125% of Market Price	> +2%	Nomination may be refused
End of Month Cash-Out Table for Monthly Balanced Customer			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
< 0%	Market Price	> 0%	Market Price
Daily Cash-Out Table for Daily Balanced Customer			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
0 to -10%	No Cash-Out	0 to +10%	No Cash-Out
-10% to -15%	110% of Market Price	+10% to +15%	90% of Market Price
-15% to -20%	120% of Market Price	+15% to +20%	80% of Market Price
< -20%	150% of Market Price	> +20%	50% of Market Price
End of Month Cash-Out Table for Daily Balanced Customer			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
0 to -10%	Market Price	0 to +10%	Market Price
-10% to -15%	110% of Market Price	+10% to +15%	90% of Market Price
-15% to -20%	120% of Market Price	+15% to +20%	80% of Market Price
< -20%	150% of Market Price	> +20%	50% of Market Price
End-of-Month Cash Out - No Rollover			
No Harm - No Foul Rule for Daily or Monthly Imbalances			

Case11-G-0280  
Corning Natural Gas Corporation  
Balancing and Cash-Out Tiers

Period 2 (Starting 11-1-12)			
City Gate Balancing (Daily Nominations)			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
< -2%	125% of Market Price	> +2%	Nomination may be refused
End of Month Monthly Balanced Customer Cash-Out Table			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
< 0%	Market Price	> 0%	Market Price
Daily Cash-Out Table for Daily Balanced Customer			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
0 to -5%	No Cash-Out	0 to +5%	No Cash-Out
-5% to -10%	105% of Market Price	+5% to +10%	95% of Market Price
-10% to -15%	110% of Market Price	+10% to +15%	90% of Market Price
-15% to -20%	120% of Market Price	+15% to +20%	80% of Market Price
< -20%	150% of Market Price	> +20%	50% of Market Price
End of Month Cash-Out Table for Daily Balanced Customer			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
0 to -5%	Market Price	0 to +5%	Market Price
-5% to -10%	105% of Market Price	+5% to +10%	95% of Market Price
-10% to -15%	110% of Market Price	+10% to +15%	90% of Market Price
-15% to -20%	120% of Market Price	+15% to +20%	80% of Market Price
< -20%	150% of Market Price	> +20%	50% of Market Price
End-of-Month Cash Out - No Rollover			
No Harm - No Foul Rule for Daily or Monthly Imbalances			

Case11-G-0280  
Corning Natural Gas Corporation  
Balancing and Cash-Out Tiers

Period 3 (Starting 5-1-13)			
City Gate Balancing (Daily Nominations)			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
< -2%	125% of Market Price	> +2%	Nomination may be refused
End of Month Monthly Balanced Customer Cash-Out Table			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
< 0%	Market Price	> 0%	Market Price
Daily Cash-Out Table for Daily Balanced Customer			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
0 to -7.5%	No Cash-Out	0 to +7.5%	No Cash-Out
-7.5% to -15%	110% of Market Price	+7.5% to +15%	90% of Market Price
-15% to -20%	120% of Market Price	+15% to +20%	80% of Market Price
< -20%	150% of Market Price	> +20%	50% of Market Price
Daily Cash-Out Table for Daily Balanced Customer			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
0 to -7.5%	Market Price	0 to +7.5%	Market Price
-7.5% to -15%	110% of Market Price	+7.5% to +15%	90% of Market Price
-15% to -20%	120% of Market Price	+15% to +20%	80% of Market Price
< -20%	150% of Market Price	> +20%	50% of Market Price
End-of-Month Cash Out - No Rollover			
No Harm - No Foul Rule for Daily or Monthly Imbalances			



Case11-G-0280  
Corning Natural Gas Corporation  
Balancing and Cash-Out Tiers

Period 4 (Starting 10-1-13)			
City Gate Balancing (Daily Nominations)			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
< -2%	125% of Market Price	> +2%	Nomination may be refused
End of Month Cash-Out Table for Monthly Balanced Customer			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
< 0%	Market Price	> 0%	Market Price
Daily Cash-Out Table for Daily Balanced Customer			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
0 to -5%	No Cash-Out	0 to +5%	No Cash-Out
-5% to -10%	105% of Market Price	+5% to +10%	95% of Market Price
-10% to -15%	110% of Market Price	+10% to +15%	90% of Market Price
-15% to -20%	120% of Market Price	+15% to +20%	80% of Market Price
< -20%	150% of Market Price	> +20%	50% of Market Price
End of Month Cash-Out Table for Daily Balanced Customer			
Deficiency Imbalance	Index Price Adj.	Surplus Imbalance	Index Price Adj.
0 to -5%	Market Price	0 to +5%	Market Price
-5% to -10%	105% of Market Price	+5% to +10%	95% of Market Price
-10% to -15%	110% of Market Price	+10% to +15%	90% of Market Price
-15% to -20%	120% of Market Price	+15% to +20%	80% of Market Price
< -20%	150% of Market Price	> +20%	50% of Market Price
End-of-Month Cash Out - No Rollover			
No Harm - No Foul Rule for Daily or Monthly Imbalances			

Case11-G-0280  
Corning Natural Gas Corporation  
Balancing and Swing Charges

Balancing Charges for Daily Balanced Customers		
Period	Dates	Charges
Period 1	5/1/12 to 10/31/12	\$0.02204
Period 2	11/1/12 to 4/30/13	\$0.00672
Period 3	5/1/13 to 9/30/13	\$0.00956
Period 4	10/1/13 and beyond	\$0.00672
Swing Charges for Monthly Balanced Customers		
Service Class	Dates	Charges
SC-6	10/1/12 and beyond	\$0.06193
SC-14	10/1/12 and beyond	\$0.08763

# **APPENDIX S**

## **Levelization of the Revenue Requirement**

## CORNING NATURAL GAS CORPORATION

### DEVELOPMENT OF LEVELIZED REVENUE REQUIREMENT

INTEREST RATE @ THE OTHE CUSTOMER CAPITAL RATE

3.35%

TAX RATE

0.61314

	RY1	RY2	RY3
Incremental Delivery Revenue Requirement	\$ 944,310	\$ 899,674	\$ 323,591
Local Production Transportation Credit	\$ -	\$ -	\$ -
Total Interest	\$ 1,215	\$ 4,403	\$ 3,187

	RY1	RY2	RY3
Incremental Revenue Requirement	944,310	944,310 899,674	944,310 899,674 323,591
RY Total	944,310	1,843,984	2,167,575
Cummulative Total		2,788,294	4,955,869
Levelized Incremental Revenue Requirement			825,978

	RY1	RY2	RY3
Levelized Incremental Revenue Requirement	825,978	825,978 825,978	825,978 825,978 825,978
RY Total	825,978	1,651,956	2,477,935
Cummulative Total		2,477,935	4,955,869
Levelized Incremental Revenue Requirement			825,978

	RY1	RY2	RY3
Variation	118,332	192,028	(310,360)
RY Interest Total	1,215	4,403	3,187
Cummulative Total		5,618	8,805
Levelized Incremental Revenue Requirement Including Interest			827,446

	RY1	RY2	RY3
Levelized Incremental Revenue Requirement Including Interest	827,446	827,446 827,446	827,446 827,446 827,446
RY Total	827,446	1,654,891	2,482,337
Cummulative Total		2,482,337	4,964,674
CHECK			8,805

# **APPENDIX T**

## **Revenue Allocation**

CORNING NATURAL GAS  
CASE II-G-0280  
REVENUE ALLOCATION - YEAR 1

Incremental Revenue Requirement Including Taxes											existing late payment revenue					\$ 94,721		
Taxes	(1)	\$	944,310															
Late Payment Revenue	(2)	\$	6,975															
Incremental Revenue Requirement Excluding Taxes	(3)	\$	9,356															
Percentage On Base Rates	(4)	\$	927,979															
	(5)		9.88%															
	(6)	(7)	(8)	(9)	(10)	(11)=(5)X(6)/(10)	(12)	(13)=(11)+(12)	(14)	(15)	(16)	(17)=(15)/(16)	(18)	(19)=(9)+(13)+(17)	(20)	(21)		
	Revenue Allocation Factor	RY Sales at Current Rates	Estimated MFC Supply & C&C	RDM	RY Sales at RDM	Base Rev Increase	Adjustment \$	Total	Revenue Percent Increase	MFC Supply & C&C at Current Rates	MFC Revenue at RY Rates	MFC Adjustment to Rate Increase	Hsport Line 15 DRA	Adjusted Base Revenue Increase	Adj Increase as % of System	Delivery Increase Percent		
Corning																		
SC-1 Residential	1.00	\$ 5,052,109	\$ 241,456	\$ 23,003	\$ 5,316,568	\$ 525,120	\$ -	\$ 525,120	10.39%	\$ 241,456	\$ 176,468	\$ 64,988		\$ 613,112	53.60%	12.74%		
SC-1 Commercial	1.00	\$ 569,736	\$ 39,287	\$ 609,023	\$ 66,602	\$ 60,153	\$ -	\$ 60,153	10.56%	\$ 39,287	\$ 28,713	\$ 10,574		\$ 70,728	6.18%	13.33%		
SC-1 Public Authority	1.00	\$ 61,782	\$ 4,820	\$ -	\$ 66,602	\$ 6,578	\$ -	\$ 6,578	10.65%	\$ 4,820	\$ 3,523	\$ 1,297		\$ 7,876	0.69%	13.83%		
SC-14 AGR Residential	1.00	\$ 1,197,180	\$ -	\$ 581	\$ 1,197,761	\$ 118,303	\$ -	\$ 118,303	9.88%	\$ -	\$ -	\$ -		\$ 118,885	10.39%	9.93%		
SC-14 AGR Commercial	1.00	\$ 404,192	\$ -	\$ 404,192	\$ 39,922	\$ -	\$ 39,922	\$ 39,922	9.88%	\$ -	\$ -	\$ -		\$ 39,922	3.49%	9.88%		
SC-14 AGR Public Authority	1.00	\$ 127,902	\$ -	\$ 127,902	\$ 12,633	\$ -	\$ 12,633	\$ 12,633	9.88%	\$ -	\$ -	\$ -		\$ 12,633	1.10%	9.88%		
SC-7 Industrial Trans	1.00	\$ 563,805	\$ -	\$ 563,805	\$ 55,687	\$ -	\$ 55,687	\$ 55,687	9.88%	\$ -	\$ -	\$ -		\$ 55,687	4.87%	9.88%		
SC-6 Trans	1.00	\$ 386,746	\$ -	\$ 386,746	\$ 38,199	\$ -	\$ 38,199	\$ 38,199	9.88%	\$ -	\$ -	\$ -		\$ 38,199	3.34%	9.88%		
Hammond sport																		
SC-1 Residential Hsport	1.00	\$ 178,537	\$ 8,363	\$ (3,154)	\$ 183,746	\$ 18,149	\$ -	\$ 18,149	10.17%	\$ 8,363	\$ 6,112	\$ 2,251	\$ 51,829	\$ 69,074	6.04%	40.59%		
SC-7 AGR Hsport Res	1.00	\$ 22,386	\$ -	\$ 855	\$ 23,241	\$ 2,296	\$ -	\$ 2,296	10.25%	\$ -	\$ -	\$ -	\$ 6,556	\$ 9,706	0.85%	43.36%		
SC-7 - AGR Hsport Com	1.00	\$ 3,761	\$ -	\$ -	\$ 3,761	\$ 372	\$ -	\$ 372	9.88%	\$ -	\$ -	\$ -	\$ 1,061	\$ 1,432	0.13%	38.08%		
SC-2 Commercial Hsport	1.00	\$ 38,178	\$ 2,981	\$ -	\$ 41,159	\$ 4,065	\$ -	\$ 4,065	10.65%	\$ 2,981	\$ 2,179	\$ 802	\$ 11,610	\$ 16,477	1.44%	46.82%		
SC-4 HammondSport Trans	1.00	\$ 22,839	\$ -	\$ 22,839	\$ 2,256	\$ -	\$ 2,256	\$ 2,256	9.88%	\$ -	\$ -	\$ -	\$ 6,442	\$ 8,698	0.76%	38.08%		
Trans and Sales Flex Hsport	1.00	\$ 69,816	\$ -	\$ 69,816	\$ 6,896	\$ -	\$ 6,896	\$ 6,896	9.88%	\$ -	\$ -	\$ -	\$ 19,693	\$ 26,588	2.32%	38.08%		
Bath																		
Bath EG&W - Firm	1.00	\$ 203,446	\$ 65,055	\$ -	\$ 268,501	\$ 26,520	\$ -	\$ 26,520	13.04%	\$ 65,055	\$ 47,546	\$ 17,510		\$ 44,030	3.85%	31.82%		
Bath - Trans SC-3 X Hsport	1.00	\$ 21,136	\$ -	\$ 21,136	\$ 2,088	\$ -	\$ 2,088	\$ 2,088	9.88%	\$ -	\$ -	\$ -		\$ 2,088	0.18%	9.88%		
Bath - Trans SC-4 X Hsport	1.00	\$ 88,513	\$ -	\$ 88,513	\$ 8,742	\$ -	\$ 8,742	\$ 8,742	9.88%	\$ -	\$ -	\$ -		\$ 8,742	0.76%	9.88%		
	\$	9,012,065	\$ 361,963	\$ 21,286	\$ 9,395,314	\$ 927,979	\$ -	\$ 927,979	10.30%	\$ 361,963	\$ 264,540	\$ 97,423	\$ 97,189	\$ 1,143,877	99.99%	13.22%		

**CORNING NATURAL GAS**  
**CASE 11-G-0280**  
**REVENUE ALLOCATION - YEAR 2**

Incremental Revenue Requirement Including Taxes										Existing late payment revenue		\$	94,721
Taxes	(1)	\$	899,674										
Late Payment Revenue	(2)	\$	6,645										
Incremental Revenue Requirement Excluding Taxes	(3)	\$	8,017										
Percentage On Base Rates	(4)	\$	885,012										
	(5)		8.46%										
Corning	(6)	Revenue Allocation Factor	(7) RY 2 Sales at Yr 1 Rate	(8) Volumes	(9) MFC	(10) RY Sales + MFC	(11)=(5)x(6)x(10)	Base Rev Increase	Adjustment \$	(12) -	(13)=(11)+(12)	Revenue Percent Increase	TARGET
					\$	264,540.00					Total		
SC-1 Residential	1.00	\$	5,786,496	9,926,458	\$	177,365	\$	5,963,860	\$	504,746	\$	8.72%	\$ 6,291,241
SC-1 Commercial	1.00	\$	645,724	1,587,965	\$	28,374	\$	674,098	\$	57,052	\$	8.84%	\$ 702,776
SC-1 Public Authority	1.00	\$	66,342	182,600	\$	3,263	\$	69,605	\$	5,891	\$	8.88%	\$ 72,233
SC-14 AGR Residential	1.00	\$	1,254,711		\$	-	\$	1,254,711	\$	106,191	\$	8.46%	\$ 1,360,902
SC-14 AGR Commercial	1.00	\$	466,017		\$	-	\$	466,017	\$	39,441	\$	8.46%	\$ 505,458
SC-14 AGR Public Authon/AMO	1.00	\$	140,237		\$	-	\$	140,237	\$	11,869	\$	8.46%	\$ 152,106
SC-7 Industrial Trans	1.00	\$	619,809		\$	-	\$	619,809	\$	52,457	\$	8.46%	\$ 672,266
SC-6 Trans	1.00	\$	424,949		\$	-	\$	424,949	\$	35,965	\$	8.46%	\$ 460,914
Hammondsport													
SC-1 Residential Hsport	1.00	\$	211,823	356,411	\$	6,368	\$	218,191	\$	18,466	\$	8.72%	\$ 230,289
SC-7 AGR Hsport Res	1.00	\$	25,246		\$	-	\$	25,246	\$	2,137	\$	8.46%	\$ 27,383
SC-7 - AGR Hsport Com	1.00	\$	4,144		\$	-	\$	4,144	\$	351	\$	8.46%	\$ 4,495
SC-2 Commercial Hsport HC,HCO	1.00	\$	56,655	122,402	\$	2,187	\$	58,842	\$	4,980	\$	8.79%	\$ 61,635
SC-4 Hammondsport Tran/HT,HTO	1.00	\$	26,207		\$	-	\$	26,207	\$	2,218	\$	8.46%	\$ 28,425
Trans and Sales Flex Hspc/HTF,OTF,SC5, HOF	1.00	\$	96,404		\$	-	\$	96,404	\$	8,159	\$	8.46%	\$ 104,563
Bath													
Bath EG&W - Firm	1.00	\$	220,952	2,629,521	\$	46,984	\$	267,936	\$	22,677	\$	10.26%	\$ 243,629
Bath - Trans SC-3 X Hspo BC 3	1.00	\$	26,780		\$	-	\$	26,780	\$	2,266	\$	8.46%	\$ 29,046
Bath - Trans SC-4 X Hspo BC 4	1.00	\$	119,896		\$	-	\$	119,896	\$	10,147	\$	8.46%	\$ 130,043
	\$		10,192,393	14,805,356	\$	264,540	\$	10,456,933	\$	885,012	\$	8.68%	\$ 11,077,405

Incremental Revenue Requirement Including Taxes					Existing Late Payment Revenue					\$	94,721.00			
Incremental Revenue Requirement Excluding Taxes		(1)	\$	323,591										
Late Payment Revenue		(2)	\$	2,390										
Incremental Revenue Requirement Excluding Taxes		(3)	\$	2,653										
Percentage On Base Rates		(4)	\$	318,548										
		(5)		2.80%										
		(6)	Revenue Allocation Factor	(7) RY 3 Sales at RY 2 Rate	(8) Volumes	(9) MFC	(10) RY Sales + MFC	(11)=(5)x(6)/(10)	(12) Base Rev Increase	(13)=(10)+(11)	(14) Revenue Percent Increase	TARGET		
Coming					\$	264,540.00				Total				
SC-1 Residential	RI,RO,TT,TO,VRO	1.00	\$	6,393,698	10,205,339	\$	177,973	\$	6,571,671	\$	184,082	\$	6,577,780	
SC-1 Commercial	CI,CO	1.00	\$	711,549	1,624,002	\$	28,321	\$	739,870	\$	20,725	\$	732,274	
SC-1 Public Authority	ML,MO,VMO	1.00	\$	68,402	211,643	\$	3,691	\$	72,093	\$	2,019	\$	70,421	
SC-14 AGR Residential	ARO	1.00	\$	1,258,888		\$	-	\$	1,258,888	\$	35,263	\$	1,294,151	
SC-14 AGR Commercial	ACO	1.00	\$	521,573		\$	-	\$	521,573	\$	14,610	\$	536,183	
SC-14 AGR Public Authority	AMO	1.00	\$	149,857		\$	-	\$	149,857	\$	4,198	\$	154,055	
SC-7 Industrial Trans	IT,ITO	1.00	\$	675,886		\$	-	\$	675,886	\$	18,933	\$	694,818	
SC-6 Trans	CT,CTO,MT,MTQ,PT	1.00	\$	460,904		\$	-	\$	460,904	\$	12,911	\$	473,815	
Hammond Sport														
SC-1 Residential Hspt	HR,HRO	1.00	\$	242,072	374,781	\$	6,536	\$	248,608	\$	6,964	\$	249,036	
SC-7 AGR Hspt Res	HA	1.00	\$	26,633		\$	-	\$	26,633	\$	746	\$	27,379	
SC-7 AGR Hspt Com	HAC	1.00	\$	4,449		\$	-	\$	4,449	\$	125	\$	4,574	
SC-2 Commercial Hspt	HC,HCO	1.00	\$	60,767	123,987	\$	2,162	\$	62,930	\$	1,763	\$	62,530	
SC-4 Hammond Sport Trans	HT,HTO	1.00	\$	29,120		\$	-	\$	29,120	\$	816	\$	29,935	
Trans and Sales Flex Hspt	HTF,OTF,SC5,HOF	1.00	\$	104,563		\$	-	\$	104,563	\$	2,929	\$	107,492	
Bath														
Bath EG&V - Firm	BR	1.00	\$	241,042	2,629,521	\$	45,857	\$	286,899	\$	8,036	\$	249,078	
Bath - Trans SC-3 X Hspt	BC 3	1.00	\$	28,867		\$	-	\$	28,867	\$	809	\$	29,676	
Bath - Trans SC-4 X Hspt	BC 4	1.00	\$	129,240		\$	-	\$	129,240	\$	3,620	\$	132,860	
			\$	11,107,510	15,169,273	\$	264,540	\$	11,372,050	\$	318,548	\$	-	
												\$	318,548	
												2.87%	\$	11,426,058



# **APPENDIX U**

## **Rate Design**

# CORNING NATURAL GAS CORPORATION

## CASE 11-G-0280

### Rate Design - Year 1

### Year 1 Priced out at Year 1 Proposed Rates

		Sales ccf	Proposed Rates /ccf	Revenues		
SC 1	Residential					
avg # of	customers	10,971	\$ 16.75	\$ 2,205,109		
	first 3	358,927				
	next 47	3,872,240	\$ 0.47306	\$ 1,831,802		
	>50	5,528,448	\$ 0.29891	\$ 1,652,508		
	Total	9,759,616				
				\$ 5,689,420	\$	5,689,420
SC1 C	Commercial					
	Customer	695	\$ 20.25	\$ 168,947		
	first 3	22,462				
	next 47	220,990	\$ 0.44535	\$ 98,418		
	>50	1,344,512	\$ 0.28141	\$ 378,359		
	Total	1,587,965				
				\$ 645,724	\$	645,724
SC 1 P	Public Authorities					
	Customer	47	\$ 20.25	\$ 11,421		
	first 3	1,656				
	next 47	17,945	\$ 0.44535	\$ 7,992		
	>50	175,219	\$ 0.28141	\$ 49,308		
	Total	194,820				
				\$ 68,721	\$	68,721
SC 6 T	Transportation					
	Customer	21	\$ 50.00	\$ 12,600		
		2,092,824	\$ 0.19703	\$ 412,349		
				\$ 424,949	\$	424,949
SC 7 IT	Industrial Transportation					
	Customer	3	\$ 1,220	\$ 43,920		
		7,347,402	\$ 0.07846	\$ 575,889		
				\$ 619,809	\$	619,809

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Design - Year 1**  
**Year 1 Priced out at Year 1 Proposed Rates**

		Sales ccf	Proposed Rates /ccf	Revenues		
SC 14 R	Aggregation Residential					
	Customer	2,298	\$ 16.75	\$ 461,805		
	first 3	76,763				
	next 47	879,223	\$ 0.47306	\$ 415,925		
	>50	1,582,480	\$ 0.29891	\$ 473,019		
	Total	2,538,467				
				\$ 1,350,750	\$	1,350,750
SC 14 C	Aggregation Commercial					
	Customer	166	\$ 20.25	\$ 40,385		
	first 3	5,983				
	next 47	82,834	\$ 0.44535	\$ 36,890		
	>50	1,300,026	\$ 0.28141	\$ 365,840		
	Total	1,388,842				
				\$ 443,115	\$	443,115
SC 14 P	Aggregation Public					
	Customer	53	\$ 20.25	\$ 12,879		
	first 3	1,604				
	next 47	18,944	\$ 0.44535	\$ 8,437		
	>50	422,591	\$ 0.28141	\$ 118,921		
	Total	443,140				
				\$ 140,237	\$	140,237
<b>HAMMONDSPORT</b>						
SC 1	Firm					
	Customer	406	\$ 16.75	\$ 81,605		
	1st 3	13,008				
	next 47	127,158	\$ 0.47306	\$ 60,153		
	>50	197,875	\$ 0.29891	\$ 59,147		
	Total	338,041		\$ 200,905	\$	200,905

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Design - Year 1**  
**Year 1 Priced out at Year 1 Proposed Rates**

		Sales ccf	Proposed Rates /ccf	Revenues		
SC2 C	Commercial Customer	75	\$ 20.25	\$ 18,256		
	1st 500	2,476				
	next 14,500	90,837	\$ 0.44535	\$ 1,570		
	> 15,000	27,194	\$ 0.28141	\$ 32,857		
	Total	120,507		\$ 52,683	\$	52,683
SC 4 T	Transportation Customer	4	\$ 50.00	\$ 2,400		
	>x	179,440	\$ 0.13267	\$ 23,807		
				\$ 26,207	\$	26,207
SC 7 AG R	Aggregation Residential Customer	44	\$ 16.75	\$ 8,909		
	1st 3	1,482				
	next 47	16,788	\$ 0.47306	\$ 7,942		
	>50	28,084	\$ 0.29891	\$ 8,395		
	Total	46,354		\$ 25,246	\$	25,246
SC 7 AG C	Aggregation Commercial Customer	2	\$ 20.25	\$ 486		
	1st 3	61				
	next 47	857	\$ 0.44535	\$ 382		
	>50	11,643	\$ 0.28141	\$ 3,277		
	Total	12,562		\$ 4,144	\$	4,144
HTF	Trans Flex Customer	5	\$ 50.00	\$ 3,000		
		559,260	\$ 0.16701	\$ 93,404		
				\$ 96,404	\$	96,404
<b>BATH</b>						
SC 1	Customer		\$ 1,220.00	\$ 14,640		
			\$ 0.07846	\$ 206,312		
					\$	220,952
SC 3& 4	Customer		\$ 1,220.00	\$ 29,280		
		1,496,248	\$ 0.07846	\$ 117,396		
				\$ 146,676	\$	146,676
<b>Total Delivery Revenues</b>				<b>\$ 10,155,943</b>		
without Contracts				<b>\$ 8,706,521</b>		
				<b>\$ 8,831,521</b>		

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Design - Year 1**  
**Year 1 Priced out at Year 1 Proposed Rates**

	Sales	Proposed Rates	Revenues
	ccf	/ccf	
sum of MFC			
sum of DRA			

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Design - Year 2**  
**Rate Year 2 Forecast Priced Out at Rate Year 2 Proposed Rates**

		Sales ccf		Proposed Rates /ccf		Revenues		
SC 1	Residential							
avg # of	customers	11,157	\$	18.25	\$	2,443,452		
	first 3	365,063						
	next 47	3,938,437	\$	0.51322	\$	2,021,285		
	>50	5,622,958	\$	0.32429	\$	1,823,469		
	Total	9,926,458						
					\$	6,288,206	\$	6,288,206
SC1 C	Commercial							
	Customer	695	\$	25.25	\$	210,663		
	first 3	22,462						
	next 47	220,990	\$	0.46787	\$	103,395		
	>50	1,344,512	\$	0.29564	\$	397,492		
	Total	1,587,965						
					\$	711,549	\$	711,549
SC 1 P	Public Authorities							
	Customer	52	\$	25.25	\$	15,756		
	first 3	1,552						
	next 47	16,820	\$	0.46787	\$	7,869		
	>50	164,229	\$	0.29564	\$	48,553		
	Total	182,600						
					\$	72,178	\$	72,178
SC 5	customers	53						
		1,130	\$	0.26118			\$	295
SC 6 T	Transportation							
	Customer	21	\$	75.00	\$	18,900		
		2,092,824	\$	0.21120	\$	442,004		
					\$	460,904	\$	460,904
SC 7 IT	Industrial Transportation							
	Customer	3	\$	1,220	\$	43,920		
		7,347,402	\$	0.08610	\$	631,966		
					\$	675,886	\$	675,886

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Design - Year 2**  
**Rate Year 2 Forecast Priced Out at Rate Year 2 Proposed Rates**

		Sales ccf		Proposed Rates /ccf		Revenues		
SC 14 R	Aggregation Residential							
	Customer	2,134	\$	18.25	\$	467,386		
	first 3	71,305						
	next 47	816,710	\$	0.51322	\$	419,152		
	>50	1,469,965	\$	0.32429	\$	476,695		
	Total	2,357,981						
					\$	1,363,233	\$	1,363,233
SC 14 C	Aggregation Commercial							
	Customer	166	\$	25.25	\$	50,356		
	first 3	5,983						
	next 47	87,851	\$	0.46787	\$	41,103		
	>50	1,373,470	\$	0.29564	\$	406,053		
	Total	1,467,304						
					\$	497,512	\$	497,512
SC 14 P	Aggregation Public							
	Customer	53	\$	25.25	\$	16,059		
	first 3	1,604						
	next 47	18,944	\$	0.46787	\$	8,863		
	>50	422,591	\$	0.29564	\$	124,935		
	Total	443,140						
					\$	149,857	\$	149,857
<b>HAMMONDSPORT</b>								
SC 1	Firm							
	Customer	428	\$	18.25	\$	93,744		
	1st 3	13,714						
	next 47	134,068	\$	0.51322	\$	68,807		
	>50	208,628	\$	0.32429	\$	67,656		
	Total	356,411			\$	230,207	\$	230,207
SC2 C	Commercial							
	Customer	76	\$	25.25	\$	23,122		
	1st 500	13,714						
	next 14,500	92,265	\$	0.46787	\$	1,649		
	> 15,000	27,621	\$	0.29564	\$	38,389		
	Total	133,601			\$	63,160	\$	63,160

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Design - Year 2**  
**Rate Year 2 Forecast Priced Out at Rate Year 2 Proposed Rates**

		Sales ccf		Proposed Rates /ccf		Revenues		
SC 4 T	Transportation Customer	4	\$	75.00	\$	3,600		
		179,440	\$	0.14222	\$	25,520		
					\$	29,120	\$	29,120
SC 7 AG R	Aggregation Residential							
	Customer	44	\$	18.25	\$	9,707		
	1st 3	1,482						
	next 47	16,788	\$	0.51322	\$	8,616		
	>50	28,084	\$	0.32429	\$	9,108		
	Total	46,399			\$	27,431	\$	27,431
SC 7 AG C	Aggregation Commercial							
	Customer	2	\$	25.25	\$	606		
	1st 3	61						
	next 47	857	\$	0.46787	\$	401		
	>50	11,643	\$	0.29564	\$	3,442		
	Total	12,562			\$	4,449	\$	4,449
HTF	Trans Flex Customer	5	\$	75.00	\$	4,500		
		559,260	\$	0.17892	\$	100,063		
					\$	104,563	\$	104,563
<b>BATH</b>								
SC 1	Customer		\$	1,220.00	\$	14,640		
		2,629,521	\$	0.08610		226,402		
					\$	241,042	\$	241,042
SC 3& 4	Customer		\$	1,220.00	\$	29,280		
		1,496,248	\$	0.08610	\$	128,827		
					\$	158,107	\$	158,107
		sum			\$	555,985		
<b>Total Delivery Revenues</b>						<b>\$</b>	<b>11,077,699</b>	



**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Design - Rate Year 3**  
**Year 3 Forecast Priced Out at Year 3 Proposed Rates**

		Sales ccf	Proposed Rates /ccf		Revenues	
SC 1	Residential					
avg # of	customers	11,344	\$	19.75	\$	2,688,528
	first 3	371,199				
	next 47	4,004,633	\$	0.51081	\$	2,045,607
	>50	5,717,467	\$	0.32277	\$	1,845,427
		10,093,300				
					\$	6,579,562
					\$	6,579,562
SC1 C	Commercial					
	Customer	695	\$	30.25	\$	252,285
	first 3	22,462				
	next 47	220,990	\$	0.46047	\$	101,759
	>50	1,344,513	\$	0.29096	\$	391,199
		1,587,965				
					\$	745,244
					\$	745,244
SC 1 P	Public Authorities					
	Customer	52	\$	30.25	\$	18,876
	first 3	1,448				
	next 47	15,694	\$	0.46047	\$	7,227
	>50	153,238	\$	0.29096	\$	44,586
		170,380				
					\$	70,689
					\$	70,689
SC 5	Public Lighting	53				
		1,320	\$	0.26118		
					\$	344.76
SC 6 T	Transportation					
	Customer	21	\$	100.00	\$	25,200
		2,092,824	\$	0.21436	\$	448,618
					\$	473,818
					\$	473,818
SC 7 IT	Industrial Transportation					
	Customer	4	\$	1,220.00	\$	58,560
		7,347,402	\$	0.08750	\$	642,898
					\$	701,458
					\$	701,458

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Design - Rate Year 3**  
**Year 3 Forecast Priced Out at Year 3 Proposed Rates**

		Sales ccf		Proposed Rates /ccf		Revenues		
SC 14 R	Aggregation Residential							
	Customer	1,971	\$	19.75	\$	467,127		
	first 3	65,847						
	next 47	754,197	\$	0.51081	\$	385,251		
	>50	1,357,450	\$	0.32277	\$	438,144		
		2,177,495						
					\$	1,290,523	\$	1,290,523
SC 14 C	Aggregation Commercial							
	Customer	166	\$	30.25	\$	60,258		
	first 3	5,983						
	next 47	92,876	\$	0.46047	\$	42,766		
	>50	1,446,914	\$	0.29096	\$	420,994		
		1,545,773						
					\$	524,019	\$	524,019
SC 14 P	Aggregation Public							
	Customer	53	\$	30.25	\$	19,239		
	first 3	1,604						
	next 47	18,944	\$	0.46047	\$	8,723		
	>50	422,592	\$	0.29096	\$	122,957		
		443,140						
		0			\$	150,920	\$	150,920
<b>HAMMONDSPORT</b>								
SC 1	Firm							
	Customer	450	\$	19.75	\$	106,650		
	1st 3	14,421						
	next 47	140,979	\$	0.51081	\$	72,013		
	>50	219,381	\$	0.32277	\$	70,810		
		374,781			\$	249,473	\$	249,473

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Rate Design - Rate Year 3**  
**Year 3 Forecast Priced Out at Year 3 Proposed Rates**

		Sales ccf		Proposed Rates /ccf		Revenues		
SC2 C	Commercial Customer	77	\$	30.25	\$	27,951		
	1st 500	2,554						
	next 14,500	93,693	\$	0.46047	\$	1,623		
	> 15,000	28,049	\$	0.29096	\$	35,074		
		124,296			\$	64,648	\$	64,648
SC 4 T	Transportation Customer	4	\$	100.00	\$	4,800		
		179,440	\$	0.144345	\$	25,901		
					\$	30,701	\$	30,701
SC 7 AG R	Aggregation Residential Customer	44	\$	19.75	\$	10,428		
	1st 3	1,482						
	next 47	16,788	\$	0.51081	\$	8,576		
	>50	28,084	\$	0.32277	\$	9,065		
		46,398			\$	28,068	\$	28,068
SC 7 AG C	Aggregation Commercial Customer	2	\$	30.25	\$	726		
	1st 3	61						
	next 47	857	\$	0.46047	\$	395		
	>50	11,643	\$	0.29096	\$	3,388		
		12,562			\$	4,509	\$	4,509
HTF	Trans Flex Customer	5	\$	100.00	\$	6,000		
		559,260	\$	0.18148	\$	101,492		
					\$	107,492	\$	107,492
<b>BATH</b>								
SC 1	Customer		\$	1,220.00	\$	14,640		
		2,629,521	\$	0.08750		230,083		
					\$	244,723	\$	244,723
SC 3& 4	Customer		\$	1,220.00	\$	29,280		
		1,496,248	\$	0.08750	\$	130,922		
					\$	160,202	\$	160,202
		sum			\$	563,348		
<b>Total Delivery Revenues</b>						<b>\$</b>	<b>11,426,392</b>	

**CORNING NATURAL GAS CORPORATION**  
**CASE 11-G-0280**  
**Contract Imputation**

Contract	Year 1	Year 2	Year 3
1	\$ 192,000.00	\$ 192,000.00	\$ 192,000.00
2	\$ 174,640.00	\$ 177,640.00	\$ 177,640.00
3	\$ 96,478.74	\$ 103,674.14	\$104,312.90
4	\$ 60,205.49	\$ 60,205.49	\$ 60,205.49
5	\$ 583,992.00	\$ 583,992.00	\$ 583,992.00
6	\$ 342,105.90	\$ 373,285.73	\$ 411,687.88
7	\$ 100,828.31	\$ 109,220.85	\$ 110,758.75
NYSEG, Stand, Empire	\$ 380,791.52	\$ 388,077.44	\$ 395,838.99
Total	\$ 1,931,041.96	\$ 1,988,095.65	\$ 2,036,436.00
Less Contract 7 Writedown	\$ (64,000.00)	\$ (64,000.00)	\$ (64,000.00)
Imputation Amount	\$ 1,867,041.96	\$ 1,924,095.65	\$ 1,972,436.00

# **APPENDIX V**

## **Bill Impacts**

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 1-Corning Residential**  
**RI, RO, TI, TO, VRO**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Present <u>Rates</u>	YR 1 Proposed <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$43.92	\$46.58	\$2.66	6.1%	First 3 ccf	\$15.25	\$16.75
30	\$49.90	\$52.83	\$2.93	5.9%	Next 47 ccf	\$0.41133	\$0.47306
40	\$61.86	\$65.33	\$3.46	5.6%	Excess 50 ccf	\$0.26118	\$0.29891
50	\$73.83	\$77.83	\$4.00	5.4%			
60	\$84.29	\$88.59	\$4.30	5.1%			
70	\$94.75	\$99.34	\$4.60	4.9%			
80	\$105.21	\$110.10	\$4.89	4.7%			
100	\$126.13	\$131.62	\$5.49	4.4%	Gas Supply Chrg	\$0.70284	\$0.70284
120	\$147.05	\$153.13	\$6.08	4.1%	Merch Funct Chrg	\$0.03610	\$0.02810
140	\$167.97	\$174.65	\$6.68	4.0%	SBC	\$0.01457	\$0.01457
160	\$188.89	\$196.17	\$7.27	3.8%	TSA	\$0.03569	\$0.03569
180	\$209.82	\$217.68	\$7.87	3.7%	DRA	-\$0.00432	-\$0.00432
200	\$230.74	\$239.20	\$8.46	3.7%			
220	\$251.66	\$260.71	\$9.06	3.6%			
250	\$283.04	\$292.99	\$9.95	3.5%			
300	\$335.34	\$346.78	\$11.43	3.4%			
400	\$439.95	\$454.36	\$14.41	3.3%			
500	\$544.56	\$561.94	\$17.38	3.2%			
600	\$649.16	\$669.52	\$20.36	3.1%			
800	\$858.37	\$884.68	\$26.30	3.1%			
1,000	\$1,067.59	\$1,099.84	\$32.25	3.0%			
2,000	\$2,113.65	\$2,175.63	\$61.98	2.9%			

<u>Month</u>	Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference	
				<u>Amount</u>	<u>Percent</u>
January	163	\$192.05	\$199.41	\$7.36	3.8%
February	154	\$183.12	\$190.22	\$7.11	3.9%
March	124	\$151.34	\$157.55	\$6.20	4.1%
April	102	\$128.31	\$133.86	\$5.55	4.3%
May	54	\$77.92	\$82.04	\$4.12	5.3%
June	24	\$42.77	\$45.38	\$2.61	6.1%
July	21	\$39.35	\$41.81	\$2.45	6.2%
August	18	\$36.08	\$38.39	\$2.31	6.4%
September	19	\$36.31	\$38.63	\$2.32	6.4%
October	34	\$55.01	\$58.17	\$3.16	5.7%
November	63	\$87.71	\$92.11	\$4.40	5.0%
December	116	\$143.37	\$149.34	\$5.98	4.2%
Annual Totals	894	\$1,173.35	\$1,226.91	\$53.55	4.6%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 1-Corning Residential**  
**RI, RO, TI, TO, VRO**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Year 1 <u>Rates</u>	Year 2 <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$46.58	\$48.96	\$2.38	5.1%	First 3 ccf	\$16.75	\$18.25
30	\$52.83	\$55.41	\$2.58	4.9%	Next 47 ccf	\$0.47306	\$0.51322
40	\$65.33	\$68.31	\$2.99	4.6%	Excess 50 ccf	\$0.29891	\$0.32429
50	\$77.83	\$81.22	\$3.39	4.4%			
60	\$88.59	\$92.23	\$3.64	4.1%			
70	\$99.34	\$103.24	\$3.90	3.9%			
80	\$110.10	\$114.25	\$4.15	3.8%			
100	\$131.62	\$136.27	\$4.66	3.5%	Gas Supply Chrg	\$0.70284	\$0.70284
120	\$153.13	\$158.30	\$5.16	3.4%	Merch Funct Chrg	\$0.02810	\$0.02810
140	\$174.65	\$180.32	\$5.67	3.2%	SBC	\$0.01457	\$0.01457
160	\$196.17	\$202.35	\$6.18	3.2%	TSA	\$0.03569	\$0.03569
180	\$217.68	\$224.37	\$6.69	3.1%	DRA	-\$0.00432	-\$0.00432
200	\$239.20	\$246.39	\$7.19	3.0%			
220	\$260.71	\$268.42	\$7.70	3.0%			
250	\$292.99	\$301.45	\$8.46	2.9%			
300	\$346.78	\$356.51	\$9.73	2.8%			
400	\$454.36	\$466.63	\$12.27	2.7%			
500	\$561.94	\$576.75	\$14.81	2.6%			
600	\$669.52	\$686.86	\$17.35	2.6%			
800	\$884.68	\$907.10	\$22.42	2.5%			
1,000	\$1,099.84	\$1,127.33	\$27.50	2.5%			
2,000	\$2,175.63	\$2,228.51	\$52.88	2.4%			

<u>Month</u>	Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference	
				<u>Amount</u>	<u>Percent</u>
January	163	\$199.41	\$205.67	\$6.26	3.1%
February	154	\$190.22	\$196.26	\$6.04	3.2%
March	124	\$157.55	\$162.82	\$5.27	3.3%
April	102	\$133.86	\$138.57	\$4.71	3.5%
May	54	\$82.04	\$85.53	\$3.49	4.3%
June	24	\$45.38	\$47.73	\$2.34	5.2%
July	21	\$41.81	\$44.04	\$2.23	5.3%
August	18	\$38.39	\$40.51	\$2.12	5.5%
September	19	\$38.63	\$40.76	\$2.13	5.5%
October	34	\$58.17	\$60.92	\$2.76	4.7%
November	63	\$92.11	\$95.83	\$3.72	4.0%
December	116	\$149.34	\$154.42	\$5.07	3.4%
Annual Totals	894	\$1,226.91	\$1,273.05	\$46.14	3.8%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 1-Corning Residential**  
**RI, RO, TI, TO, VRO**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Year 2 <u>Rates</u>	Year 3 <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$48.96	\$50.41	\$1.45	3.0%	First 3 ccf	\$18.25	\$19.75
30	\$55.41	\$56.85	\$1.43	2.6%	Next 47 ccf	\$0.51322	\$0.51081
40	\$68.31	\$69.73	\$1.41	2.1%	Excess 50 ccf	\$0.32429	\$0.32277
50	\$81.22	\$82.60	\$1.39	1.7%			
60	\$92.23	\$93.60	\$1.37	1.5%			
70	\$103.24	\$104.60	\$1.36	1.3%			
80	\$114.25	\$115.59	\$1.34	1.2%			
100	\$136.27	\$137.59	\$1.31	1.0%	Gas Supply Chrg	\$0.70284	\$0.70284
120	\$158.30	\$159.58	\$1.28	0.8%	Merch Funct Chrg	\$0.02810	\$0.02810
140	\$180.32	\$181.57	\$1.25	0.7%	SBC	\$0.01457	\$0.01457
160	\$202.35	\$203.56	\$1.22	0.6%	TSA	\$0.03569	\$0.03569
180	\$224.37	\$225.56	\$1.19	0.5%	DRA	-\$0.00432	-\$0.00432
200	\$246.39	\$247.55	\$1.16	0.5%			
220	\$268.42	\$269.54	\$1.13	0.4%			
250	\$301.45	\$302.53	\$1.08	0.4%			
300	\$356.51	\$357.52	\$1.01	0.3%			
400	\$466.63	\$467.48	\$0.85	0.2%			
500	\$576.75	\$577.45	\$0.70	0.1%			
600	\$686.86	\$687.41	\$0.55	0.1%			
800	\$907.10	\$907.35	\$0.25	0.0%			
1,000	\$1,127.33	\$1,127.28	(\$0.06)	0.0%			
2,000	\$2,228.51	\$2,226.94	(\$1.58)	-0.1%			

<u>Month</u>	Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference	
				<u>Amount</u>	<u>Percent</u>
January	163	\$205.67	\$206.88	\$1.21	0.6%
February	154	\$196.26	\$197.49	\$1.23	0.6%
March	124	\$162.82	\$164.09	\$1.27	0.8%
April	102	\$138.57	\$139.88	\$1.31	0.9%
May	54	\$85.53	\$86.91	\$1.38	1.6%
June	24	\$47.73	\$49.17	\$1.45	3.0%
July	21	\$44.04	\$45.49	\$1.46	3.3%
August	18	\$40.51	\$41.97	\$1.46	3.6%
September	19	\$40.76	\$42.22	\$1.46	3.6%
October	34	\$60.92	\$62.35	\$1.42	2.3%
November	63	\$95.83	\$97.20	\$1.37	1.4%
December	116	\$154.42	\$155.70	\$1.29	0.8%
Annual Totals	894	\$1,273.05	\$1,289.36	\$16.31	1.3%



**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 1-Hammondsport Residential**  
**HR HRO**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Present <u>Rates</u>	YR 1 Proposed <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$45.84	\$48.50	\$2.66	5.8%	First 3 ccf	\$15.25	\$16.75
30	\$52.21	\$55.14	\$2.93	5.6%	Next 47 ccf	\$0.41133	\$0.47306
40	\$64.94	\$68.41	\$3.46	5.3%	Excess 50 ccf	\$0.26118	\$0.29891
50	\$77.67	\$81.67	\$4.00	5.2%			
60	\$88.90	\$93.20	\$4.30	4.8%			
70	\$100.13	\$104.73	\$4.60	4.6%			
80	\$111.36	\$116.26	\$4.89	4.4%			
100	\$133.82	\$139.31	\$5.49	4.1%	Gas Supply Chrg	\$0.70284	\$0.70284
120	\$156.28	\$162.36	\$6.08	3.9%	Merch Funct Chrg	\$0.03610	\$0.02810
140	\$178.74	\$185.42	\$6.68	3.7%	SBC	\$0.01457	\$0.01457
160	\$201.20	\$208.47	\$7.27	3.6%	TSA	\$0.03569	\$0.03569
180	\$223.66	\$231.53	\$7.87	3.5%	DRA	\$0.072606	\$0.072606
200	\$246.12	\$254.58	\$8.46	3.4%			
220	\$268.58	\$277.64	\$9.06	3.4%			
250	\$302.27	\$312.22	\$9.95	3.3%			
300	\$358.42	\$369.85	\$11.43	3.2%			
400	\$470.72	\$485.13	\$14.41	3.1%			
500	\$583.02	\$600.40	\$17.38	3.0%			
600	\$695.32	\$715.67	\$20.36	2.9%			
800	\$919.91	\$946.21	\$26.30	2.9%			
1,000	\$1,144.51	\$1,176.76	\$32.25	2.8%			
2,000	\$2,267.50	\$2,329.48	\$61.98	2.7%			

<u>Month</u>	Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference	
				<u>Amount</u>	<u>Percent</u>
January	177	\$220.49	\$228.28	\$7.78	3.5%
February	136	\$173.96	\$180.51	\$6.55	3.8%
March	113	\$148.14	\$154.00	\$5.87	4.0%
April	67	\$96.40	\$100.90	\$4.50	4.7%
May	29	\$50.88	\$53.75	\$2.87	5.6%
June	24	\$43.97	\$46.55	\$2.58	5.9%
July	14	\$31.60	\$33.65	\$2.06	6.5%
August	14	\$31.57	\$33.63	\$2.06	6.5%
September	16	\$34.27	\$36.43	\$2.17	6.3%
October	38	\$62.93	\$66.31	\$3.38	5.4%
November	70	\$100.37	\$104.97	\$4.60	4.6%
December	155	\$195.71	\$202.84	\$7.13	3.6%
Annual Totals	852	\$1,190.28	\$1,241.82	\$51.54	4.3%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 1-Hammondsport Residential**  
**HR HRO**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Year 1 <u>Rates</u>	Year 2 <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$48.50	\$50.89	\$2.38	4.9%	First 3 ccf	\$16.75	\$18.25
30	\$55.14	\$57.72	\$2.58	4.7%	Next 47 ccf	\$0.47306	\$0.51322
40	\$68.41	\$71.39	\$2.99	4.4%	Excess 50 ccf	\$0.29891	\$0.32429
50	\$81.67	\$85.06	\$3.39	4.1%			
60	\$93.20	\$96.84	\$3.64	3.9%			
70	\$104.73	\$108.62	\$3.90	3.7%			
80	\$116.26	\$120.40	\$4.15	3.6%			
100	\$139.31	\$143.97	\$4.66	3.3%	Gas Supply Chrg	\$0.70284	\$0.70284
120	\$162.36	\$167.53	\$5.16	3.2%	Merch Funct Chrg	\$0.02810	\$0.02810
140	\$185.42	\$191.09	\$5.67	3.1%	SBC	\$0.01457	\$0.01457
160	\$208.47	\$214.65	\$6.18	3.0%	TSA	\$0.03569	\$0.03569
180	\$231.53	\$238.21	\$6.69	2.9%	DRA	\$0.072606	\$0.072606
200	\$254.58	\$261.78	\$7.19	2.8%			
220	\$277.64	\$285.34	\$7.70	2.8%			
250	\$312.22	\$320.68	\$8.46	2.7%			
300	\$369.85	\$379.59	\$9.73	2.6%			
400	\$485.13	\$497.40	\$12.27	2.5%			
500	\$600.40	\$615.21	\$14.81	2.5%			
600	\$715.67	\$733.02	\$17.35	2.4%			
800	\$946.21	\$968.64	\$22.42	2.4%			
1,000	\$1,176.76	\$1,204.26	\$27.50	2.3%			
2,000	\$2,329.48	\$2,382.36	\$52.88	2.3%			

<u>Month</u>	Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference	
				<u>Amount</u>	<u>Percent</u>
January	177	\$228.28	\$234.89	\$6.62	2.9%
February	136	\$180.51	\$186.08	\$5.56	3.1%
March	113	\$154.00	\$158.98	\$4.98	3.2%
April	67	\$100.90	\$104.71	\$3.81	3.8%
May	29	\$53.75	\$56.29	\$2.54	4.7%
June	24	\$46.55	\$48.87	\$2.32	5.0%
July	14	\$33.65	\$35.59	\$1.93	5.7%
August	14	\$33.63	\$35.56	\$1.93	5.7%
September	16	\$36.43	\$38.45	\$2.02	5.5%
October	38	\$66.31	\$69.23	\$2.92	4.4%
November	70	\$104.97	\$108.87	\$3.90	3.7%
December	155	\$202.84	\$208.89	\$6.06	3.0%
Annual Totals	852	\$1,241.82	\$1,286.42	\$44.60	3.6%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 1-Hammondsport Residential**  
**HR HRO**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Year 2 <u>Rates</u>	Year 3 <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$50.89	\$52.33	\$1.45	2.8%	First 3 ccf	\$18.25	\$19.75
30	\$57.72	\$59.16	\$1.43	2.5%	Next 47 ccf	\$0.51322	\$0.51081
40	\$71.39	\$72.80	\$1.41	2.0%	Excess 50 ccf	\$0.32429	\$0.32277
50	\$85.06	\$86.45	\$1.39	1.6%			
60	\$96.84	\$98.21	\$1.37	1.4%			
70	\$108.62	\$109.98	\$1.36	1.2%			
80	\$120.40	\$121.75	\$1.34	1.1%			
100	\$143.97	\$145.28	\$1.31	0.9%	Gas Supply Chrg	\$0.70284	\$0.70284
120	\$167.53	\$168.81	\$1.28	0.8%	Merch Funct Chrg	\$0.02810	\$0.02810
140	\$191.09	\$192.34	\$1.25	0.7%	SBC	\$0.01457	\$0.01457
160	\$214.65	\$215.87	\$1.22	0.6%	TSA	\$0.03569	\$0.03569
180	\$238.21	\$239.40	\$1.19	0.5%	DRA	\$0.072606	\$0.072606
200	\$261.78	\$262.94	\$1.16	0.4%			
220	\$285.34	\$286.47	\$1.13	0.4%			
250	\$320.68	\$321.76	\$1.08	0.3%			
300	\$379.59	\$380.59	\$1.01	0.3%			
400	\$497.40	\$498.25	\$0.85	0.2%			
500	\$615.21	\$615.91	\$0.70	0.1%			
600	\$733.02	\$733.57	\$0.55	0.1%			
800	\$968.64	\$968.88	\$0.25	0.0%			
1,000	\$1,204.26	\$1,204.20	(\$0.06)	0.0%			
2,000	\$2,382.36	\$2,380.78	(\$1.58)	-0.1%			

<u>Month</u>	Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference	
				<u>Amount</u>	<u>Percent</u>
January	177	\$234.89	\$236.08	\$1.19	0.5%
February	136	\$186.08	\$187.33	\$1.26	0.7%
March	113	\$158.98	\$160.28	\$1.29	0.8%
April	67	\$104.71	\$106.07	\$1.36	1.3%
May	29	\$56.29	\$57.73	\$1.44	2.6%
June	24	\$48.87	\$50.32	\$1.45	3.0%
July	14	\$35.59	\$37.06	\$1.47	4.1%
August	14	\$35.56	\$37.04	\$1.47	4.1%
September	16	\$38.45	\$39.92	\$1.47	3.8%
October	38	\$69.23	\$70.65	\$1.41	2.0%
November	70	\$108.87	\$110.22	\$1.36	1.2%
December	155	\$208.89	\$210.12	\$1.23	0.6%
Annual Totals	852	\$1,286.42	\$1,302.83	\$16.40	1.3%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 14A - Corning AGR Residential**  
**ARO**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Present <u>Rates</u>	YR 1 Proposed <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$43.92	\$46.78	\$2.86	6.5%	First 3 ccf	\$15.25	\$16.75
30	\$49.90	\$53.07	\$3.17	6.3%	Next 47 ccf	\$0.41133	\$0.47306
40	\$61.86	\$65.65	\$3.78	6.1%	Excess 50 ccf	\$0.26118	\$0.29891
50	\$73.83	\$78.23	\$4.40	6.0%			
60	\$84.29	\$89.07	\$4.78	5.7%			
70	\$94.75	\$99.90	\$5.16	5.4%			
80	\$105.21	\$110.74	\$5.53	5.3%			
100	\$126.13	\$132.42	\$6.29	5.0%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
120	\$147.05	\$154.09	\$7.04	4.8%			
140	\$167.97	\$175.77	\$7.80	4.6%	SBC	\$0.01457	\$0.01457
160	\$188.89	\$197.45	\$8.55	4.5%	TSA	\$0.03569	\$0.03569
180	\$209.82	\$219.12	\$9.31	4.4%	DRA	-\$0.004316	-\$0.004316
200	\$230.74	\$240.80	\$10.06	4.4%			
220	\$251.66	\$262.47	\$10.82	4.3%			
250	\$283.04	\$294.99	\$11.95	4.2%			
300	\$335.34	\$349.18	\$13.83	4.1%			
400	\$439.95	\$457.56	\$17.61	4.0%			
500	\$544.56	\$565.94	\$21.38	3.9%			
600	\$649.16	\$674.31	\$25.15	3.9%	Note: Impacts include an estimate for gas supply.		
800	\$858.37	\$891.07	\$32.70	3.8%			
1,000	\$1,067.59	\$1,107.83	\$40.24	3.8%			
2,000	\$2,113.65	\$2,191.63	\$77.97	3.7%			

<u>Month</u>	Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference	
				<u>Amount</u>	<u>Percent</u>
January	208	\$239.57	\$249.95	\$10.38	4.3%
February	183	\$212.75	\$222.16	\$9.41	4.4%
March	154	\$183.08	\$191.42	\$8.34	4.6%
April	106	\$132.54	\$139.06	\$6.52	4.9%
May	67	\$91.27	\$96.30	\$5.03	5.5%
June	29	\$49.19	\$52.32	\$3.13	6.4%
July	26	\$44.77	\$47.67	\$2.90	6.5%
August	22	\$40.47	\$43.15	\$2.68	6.6%
September	22	\$40.40	\$43.08	\$2.68	6.6%
October	45	\$67.36	\$71.42	\$4.07	6.0%
November	81	\$105.99	\$111.55	\$5.56	5.2%
December	145	\$173.32	\$181.31	\$7.99	4.6%
Annual Totals	1,088	\$1,380.69	\$1,449.37	\$68.69	5.0%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 14A - Corning AGR Residential**  
**ARO**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Year 1 <u>Rates</u>	Year 2 <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$46.78	\$49.16	\$2.38	5.1%	First 3 ccf	\$16.75	\$18.25
30	\$53.07	\$55.65	\$2.58	4.9%	Next 47 ccf	\$0.47306	\$0.51322
40	\$65.65	\$68.63	\$2.99	4.5%	Excess 50 ccf	\$0.29891	\$0.32429
50	\$78.23	\$81.62	\$3.39	4.3%			
60	\$89.07	\$92.71	\$3.64	4.1%			
70	\$99.90	\$103.80	\$3.90	3.9%			
80	\$110.74	\$114.89	\$4.15	3.7%			
100	\$132.42	\$137.07	\$4.66	3.5%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
120	\$154.09	\$159.26	\$5.16	3.4%			
140	\$175.77	\$181.44	\$5.67	3.2%	SBC	\$0.01457	\$0.01457
160	\$197.45	\$203.62	\$6.18	3.1%	TSA	\$0.03569	\$0.03569
180	\$219.12	\$225.81	\$6.69	3.1%	DRA	-\$0.004316	-\$0.004316
200	\$240.80	\$247.99	\$7.19	3.0%			
220	\$262.47	\$270.18	\$7.70	2.9%			
250	\$294.99	\$303.45	\$8.46	2.9%			
300	\$349.18	\$358.91	\$9.73	2.8%			
400	\$457.56	\$469.83	\$12.27	2.7%			
500	\$565.94	\$580.74	\$14.81	2.6%			
600	\$674.31	\$691.66	\$17.35	2.6%			
800	\$891.07	\$913.50	\$22.42	2.5%	Note: Impacts include an estimate for gas supply.		
1,000	\$1,107.83	\$1,135.33	\$27.50	2.5%			
2,000	\$2,191.63	\$2,244.50	\$52.88	2.4%			

<u>Month</u>	Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference	
				<u>Amount</u>	<u>Percent</u>
January	208	\$249.95	\$257.36	\$7.41	3.0%
February	183	\$222.16	\$228.91	\$6.76	3.0%
March	154	\$191.42	\$197.45	\$6.04	3.2%
April	106	\$139.06	\$143.87	\$4.81	3.5%
May	67	\$96.30	\$100.11	\$3.81	4.0%
June	29	\$52.32	\$54.88	\$2.56	4.9%
July	26	\$47.67	\$50.08	\$2.41	5.1%
August	22	\$43.15	\$45.42	\$2.27	5.3%
September	22	\$43.08	\$45.35	\$2.27	5.3%
October	45	\$71.42	\$74.59	\$3.17	4.4%
November	81	\$111.55	\$115.71	\$4.17	3.7%
December	145	\$181.31	\$187.11	\$5.80	3.2%
Annual Totals	1,088	\$1,449.37	\$1,500.85	\$51.47	3.6%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 14A - Corning AGR Residential**  
**ARO**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Year 2 <u>Rates</u>	Year 3 <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$49.16	\$50.61	\$1.45	2.9%	First 3 ccf	\$18.25	\$19.75
30	\$55.65	\$57.09	\$1.43	2.6%	Next 47 ccf	\$0.51322	\$0.51081
40	\$68.63	\$70.05	\$1.41	2.1%	Excess 50 ccf	\$0.32429	\$0.32277
50	\$81.62	\$83.00	\$1.39	1.7%			
60	\$92.71	\$94.08	\$1.37	1.5%			
70	\$103.80	\$105.16	\$1.36	1.3%			
80	\$114.89	\$116.23	\$1.34	1.2%			
100	\$137.07	\$138.38	\$1.31	1.0%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
120	\$159.26	\$160.54	\$1.28	0.8%			
140	\$181.44	\$182.69	\$1.25	0.7%	SBC	\$0.01457	\$0.01457
160	\$203.62	\$204.84	\$1.22	0.6%	TSA	\$0.03569	\$0.03569
180	\$225.81	\$227.00	\$1.19	0.5%	DRA	-\$0.004316	-\$0.004316
200	\$247.99	\$249.15	\$1.16	0.5%			
220	\$270.18	\$271.30	\$1.13	0.4%			
250	\$303.45	\$304.53	\$1.08	0.4%			
300	\$358.91	\$359.92	\$1.01	0.3%			
400	\$469.83	\$470.68	\$0.85	0.2%			
500	\$580.74	\$581.45	\$0.70	0.1%			
600	\$691.66	\$692.21	\$0.55	0.1%			
800	\$913.50	\$913.74	\$0.25	0.0%			
1,000	\$1,135.33	\$1,135.27	(\$0.06)	0.0%			
2,000	\$2,244.50	\$2,242.93	(\$1.58)	-0.1%			

Note: Impacts include an estimate for gas supply.

<u>Month</u>	Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference	
				<u>Amount</u>	<u>Percent</u>
January	208	\$257.36	\$258.50	\$1.15	0.4%
February	183	\$228.91	\$230.10	\$1.18	0.5%
March	154	\$197.45	\$198.68	\$1.23	0.6%
April	106	\$143.87	\$145.18	\$1.30	0.9%
May	67	\$100.11	\$101.47	\$1.36	1.4%
June	29	\$54.88	\$56.31	\$1.44	2.6%
July	26	\$50.08	\$51.52	\$1.45	2.9%
August	22	\$45.42	\$46.87	\$1.45	3.2%
September	22	\$45.35	\$46.80	\$1.45	3.2%
October	45	\$74.59	\$75.99	\$1.40	1.9%
November	81	\$115.71	\$117.05	\$1.34	1.2%
December	145	\$187.11	\$188.35	\$1.24	0.7%
Annual Totals	1,088	\$1,500.85	\$1,516.84	\$15.99	1.1%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 14A - Hammondsport AGR Residential**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Present <u>Rates</u>	YR 1 Proposed <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$45.84	\$48.69	\$2.86	6.2%	First 3 ccf	\$15.25	\$16.75
30	\$52.20	\$55.37	\$3.17	6.1%	Next 47 ccf	\$0.41133	\$0.47306
40	\$64.93	\$68.71	\$3.78	5.8%	Excess 50 ccf	\$0.26118	\$0.29891
50	\$77.66	\$82.06	\$4.40	5.7%			
60	\$88.88	\$93.66	\$4.78	5.4%			
70	\$100.11	\$105.27	\$5.16	5.2%			
80	\$111.34	\$116.87	\$5.53	5.0%			
100	\$133.79	\$140.08	\$6.29	4.7%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
120	\$156.24	\$163.28	\$7.04	4.5%			
140	\$178.70	\$186.49	\$7.80	4.4%	SBC	\$0.01457	\$0.01457
160	\$201.15	\$209.70	\$8.55	4.3%	TSA	\$0.03536	\$0.03536
180	\$223.60	\$232.91	\$9.31	4.2%	DRA	\$0.072606	\$0.072606
200	\$246.05	\$256.12	\$10.06	4.1%			
220	\$268.51	\$279.32	\$10.82	4.0%			
250	\$302.19	\$314.13	\$11.95	4.0%			
300	\$358.32	\$372.15	\$13.83	3.9%			
400	\$470.59	\$488.19	\$17.61	3.7%			
500	\$582.85	\$604.23	\$21.38	3.7%			
600	\$695.12	\$720.27	\$25.15	3.6%			
800	\$919.65	\$952.35	\$32.70	3.6%	Note: Impacts include an estimate for gas supply.		
1,000	\$1,144.18	\$1,184.42	\$40.24	3.5%			
2,000	\$2,266.84	\$2,344.81	\$77.97	3.4%			

<u>Month</u>	Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference	
				<u>Amount</u>	<u>Percent</u>
January	214	\$261.52	\$272.10	\$10.58	4.0%
February	152	\$192.33	\$200.58	\$8.25	4.3%
March	140	\$178.44	\$186.23	\$7.79	4.4%
April	64	\$93.82	\$98.76	\$4.94	5.3%
May	30	\$51.94	\$55.09	\$3.15	6.1%
June	27	\$48.14	\$51.11	\$2.97	6.2%
July	17	\$35.12	\$37.46	\$2.34	6.7%
August	16	\$34.00	\$36.29	\$2.28	6.7%
September	16	\$34.90	\$37.23	\$2.33	6.7%
October	50	\$77.91	\$82.32	\$4.41	5.7%
November	95	\$128.49	\$134.60	\$6.11	4.8%
December	179	\$222.98	\$232.27	\$9.29	4.2%
Annual Totals	1,000	\$1,359.60	\$1,424.05	\$64.45	4.7%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 14A - Hammondsport AGR Residential**

<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>			<u>Year 1</u> <u>Rates</u>	<u>Year 2</u> <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$48.69	\$51.08	\$2.38	4.9%	First 3 ccf	\$16.75	\$18.25
30	\$55.37	\$57.95	\$2.58	4.7%	Next 47 ccf	\$0.47306	\$0.51322
40	\$68.71	\$71.70	\$2.99	4.3%	Excess 50 ccf	\$0.29891	\$0.32429
50	\$82.06	\$85.45	\$3.39	4.1%			
60	\$93.66	\$97.30	\$3.64	3.9%			
70	\$105.27	\$109.16	\$3.90	3.7%			
80	\$116.87	\$121.02	\$4.15	3.6%			
100	\$140.08	\$144.73	\$4.66	3.3%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
120	\$163.28	\$168.45	\$5.16	3.2%			
140	\$186.49	\$192.16	\$5.67	3.0%	SBC	\$0.01457	\$0.01457
160	\$209.70	\$215.88	\$6.18	2.9%	TSA	\$0.03536	\$0.03536
180	\$232.91	\$239.59	\$6.69	2.9%	DRA	\$0.072606	\$0.072606
200	\$256.12	\$263.31	\$7.19	2.8%			
220	\$279.32	\$287.03	\$7.70	2.8%			
250	\$314.13	\$322.60	\$8.46	2.7%			
300	\$372.15	\$381.89	\$9.73	2.6%			
400	\$488.19	\$500.46	\$12.27	2.5%			
500	\$604.23	\$619.04	\$14.81	2.5%			
600	\$720.27	\$737.62	\$17.35	2.4%			
800	\$952.35	\$974.77	\$22.42	2.4%			
1,000	\$1,184.42	\$1,211.92	\$27.50	2.3%	Note: Impacts include an estimate for gas supply.		
2,000	\$2,344.81	\$2,397.69	\$52.88	2.3%			

<u>Month</u>	<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
January	214	\$272.10	\$279.64	\$7.54	2.8%
February	152	\$200.58	\$206.56	\$5.98	3.0%
March	140	\$186.23	\$191.89	\$5.67	3.0%
April	64	\$98.76	\$102.52	\$3.75	3.8%
May	30	\$55.09	\$57.67	\$2.58	4.7%
June	27	\$51.11	\$53.57	\$2.46	4.8%
July	17	\$37.46	\$39.51	\$2.05	5.5%
August	16	\$36.29	\$38.30	\$2.01	5.5%
September	16	\$37.23	\$39.27	\$2.04	5.5%
October	50	\$82.32	\$85.72	\$3.39	4.1%
November	95	\$134.60	\$139.14	\$4.54	3.4%
December	179	\$232.27	\$238.94	\$6.67	2.9%
Annual Totals	1,000	\$1,424.05	\$1,472.72	\$48.67	3.4%



**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 14A - Hammondsport AGR Residential**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Year 2 <u>Rates</u>	Year 3 <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$51.08	\$52.52	\$1.45	2.8%	First 3 ccf	\$18.25	\$19.75
30	\$57.95	\$59.39	\$1.43	2.5%	Next 47 ccf	\$0.51322	\$0.51081
40	\$71.70	\$73.11	\$1.41	2.0%	Excess 50 ccf	\$0.32429	\$0.32277
50	\$85.45	\$86.83	\$1.39	1.6%			
60	\$97.30	\$98.67	\$1.37	1.4%			
70	\$109.16	\$110.52	\$1.36	1.2%			
80	\$121.02	\$122.36	\$1.34	1.1%			
100	\$144.73	\$146.04	\$1.31	0.9%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
120	\$168.45	\$169.73	\$1.28	0.8%			
140	\$192.16	\$193.41	\$1.25	0.7%	SBC	\$0.01457	\$0.01457
160	\$215.88	\$217.10	\$1.22	0.6%	TSA	\$0.03536	\$0.03536
180	\$239.59	\$240.78	\$1.19	0.5%	DRA	\$0.072606	\$0.072606
200	\$263.31	\$264.47	\$1.16	0.4%			
220	\$287.03	\$288.15	\$1.13	0.4%			
250	\$322.60	\$323.68	\$1.08	0.3%			
300	\$381.89	\$382.89	\$1.01	0.3%			
400	\$500.46	\$501.32	\$0.85	0.2%			
500	\$619.04	\$619.74	\$0.70	0.1%			
600	\$737.62	\$738.17	\$0.55	0.1%			
800	\$974.77	\$975.02	\$0.25	0.0%			
1,000	\$1,211.92	\$1,211.87	(\$0.06)	0.0%	Note: Impacts include an estimate for gas supply.		
2,000	\$2,397.69	\$2,396.11	(\$1.58)	-0.1%			

<u>Month</u>	Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference	
				<u>Amount</u>	<u>Percent</u>
January	214	\$279.64	\$280.78	\$1.14	0.4%
February	152	\$206.56	\$207.79	\$1.23	0.6%
March	140	\$191.89	\$193.14	\$1.25	0.7%
April	64	\$102.52	\$103.88	\$1.36	1.3%
May	30	\$57.67	\$59.11	\$1.44	2.5%
June	27	\$53.57	\$55.01	\$1.44	2.7%
July	17	\$39.51	\$40.97	\$1.47	3.7%
August	16	\$38.30	\$39.77	\$1.47	3.8%
September	16	\$39.27	\$40.74	\$1.47	3.7%
October	50	\$85.72	\$87.10	\$1.39	1.6%
November	95	\$139.14	\$140.46	\$1.32	0.9%
December	179	\$238.94	\$240.13	\$1.19	0.5%
Annual Totals	1,000	\$1,472.72	\$1,488.88	\$16.16	1.1%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**  
**Corning SC 3 - Hsport Commercial**  
**HC HCO HOF**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Present <u>Rates</u>	Year 1 <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$45.60	\$51.30	\$5.70	12.5%	First 3 ccf	\$15.25	\$20.25
30	\$51.92	\$57.78	\$5.86	11.3%	Next 47 ccf	\$0.41334	\$0.44535
40	\$64.55	\$70.74	\$6.18	9.6%	Excess 50 ccf	\$0.26118	\$0.28141
50	\$77.19	\$83.69	\$6.50	8.4%			
60	\$88.30	\$95.01	\$6.71	7.6%			
70	\$99.42	\$106.33	\$6.91	6.9%			
80	\$110.53	\$117.64	\$7.11	6.4%			
100	\$132.76	\$140.28	\$7.52	5.7%	Gas Supply Chrg	\$0.70284	\$0.70284
120	\$154.99	\$162.91	\$7.92	5.1%	Merch Funct Chrg	\$0.02810	\$0.02810
140	\$177.22	\$185.54	\$8.33	4.7%	SBC	\$0.01457	\$0.01457
160	\$199.44	\$208.17	\$8.73	4.4%	TSA	\$0.03211	\$0.03211
180	\$221.67	\$230.81	\$9.13	4.1%	DRA	\$0.072606	\$0.072606
200	\$243.90	\$253.44	\$9.54	3.9%			
220	\$266.13	\$276.07	\$9.94	3.7%			
250	\$299.47	\$310.02	\$10.55	3.5%			
300	\$355.04	\$366.60	\$11.56	3.3%			
400	\$466.18	\$479.77	\$13.58	2.9%			
500	\$577.32	\$592.93	\$15.61	2.7%			
600	\$688.46	\$706.10	\$17.63	2.6%			
800	\$910.75	\$932.42	\$21.68	2.4%			
1,000	\$1,133.03	\$1,158.75	\$25.72	2.3%			
2,000	\$2,244.44	\$2,290.39	\$45.95	2.0%			

	Sales	Bills at	Bills at	Difference	
<u>Month</u>	<u>Ccf</u>	Present <u>Rates</u>	Proposed <u>Rates</u>	<u>Amount</u>	<u>Percent</u>
January	335	\$393.49	\$405.75	\$12.26	3.1%
February	296	\$350.90	\$362.39	\$11.49	3.3%
March	218	\$263.48	\$273.37	\$9.90	3.8%
April	100	\$132.98	\$140.50	\$7.52	5.7%
May	52	\$78.88	\$85.41	\$6.54	8.3%
June	56	\$83.72	\$90.34	\$6.62	7.9%
July	44	\$69.38	\$75.68	\$6.31	9.1%
August	45	\$71.38	\$77.74	\$6.36	8.9%
September	49	\$76.38	\$82.86	\$6.48	8.5%
October	68	\$97.55	\$104.43	\$6.88	7.0%
November	107	\$140.17	\$147.82	\$7.65	5.5%
December	211	\$256.01	\$265.77	\$9.76	3.8%
Annual Totals	1,581	\$2,014.31	\$2,112.07	\$97.76	4.9%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**  
**Corning SC 3 - Hspt Commercial**  
**HC HCO HOF**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Year 1 <u>Rates</u>	Year 2 <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$51.30	\$56.80	\$5.50	10.7%	First 3 ccf	\$20.25	\$25.25
30	\$57.78	\$63.39	\$5.61	9.7%	Next 47 ccf	\$0.44535	\$0.46787
40	\$70.74	\$76.57	\$5.83	8.2%	Excess 50 ccf	\$0.28141	\$0.29564
50	\$83.69	\$89.75	\$6.06	7.2%			
60	\$95.01	\$101.21	\$6.20	6.5%			
70	\$106.33	\$112.67	\$6.34	6.0%			
80	\$117.64	\$124.13	\$6.49	5.5%			
100	\$140.28	\$147.04	\$6.77	4.8%	Gas Supply Chrg	\$0.70284	\$0.70284
120	\$162.91	\$169.96	\$7.05	4.3%	Merch Funct Chrg	\$0.02810	\$0.02810
140	\$185.54	\$192.88	\$7.34	4.0%	SBC	\$0.01457	\$0.01457
160	\$208.17	\$215.80	\$7.62	3.7%	TSA	\$0.03211	\$0.03211
180	\$230.81	\$238.71	\$7.91	3.4%	DRA	\$0.072606	\$0.072606
200	\$253.44	\$261.63	\$8.19	3.2%			
220	\$276.07	\$284.55	\$8.48	3.1%			
250	\$310.02	\$318.93	\$8.90	2.9%			
300	\$366.60	\$376.22	\$9.62	2.6%			
400	\$479.77	\$490.81	\$11.04	2.3%			
500	\$592.93	\$605.39	\$12.46	2.1%			
600	\$706.10	\$719.98	\$13.88	2.0%			
800	\$932.42	\$949.15	\$16.73	1.8%			
1,000	\$1,158.75	\$1,178.33	\$19.58	1.7%			
2,000	\$2,290.39	\$2,324.20	\$33.81	1.5%			

<u>Month</u>	Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference	
				<u>Amount</u>	<u>Percent</u>
January	335	\$405.75	\$415.86	\$10.11	2.5%
February	296	\$362.39	\$371.95	\$9.56	2.6%
March	218	\$273.37	\$281.81	\$8.44	3.1%
April	100	\$140.50	\$147.27	\$6.77	4.8%
May	52	\$85.41	\$91.49	\$6.08	7.1%
June	56	\$90.34	\$96.49	\$6.14	6.8%
July	44	\$75.68	\$81.60	\$5.92	7.8%
August	45	\$77.74	\$83.69	\$5.95	7.7%
September	49	\$82.86	\$88.91	\$6.04	7.3%
October	68	\$104.43	\$110.75	\$6.32	6.1%
November	107	\$147.82	\$154.69	\$6.86	4.6%
December	211	\$265.77	\$274.11	\$8.35	3.1%
Annual Totals	1,581	\$2,112.07	\$2,198.63	\$86.56	4.1%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**  
**Corning SC 3 - Hsport Commercial**  
**HC HCO HOF**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Year 2 <u>Rates</u>	Year 3 <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$56.80	\$61.64	\$4.84	8.5%	First 3 ccf	\$25.25	\$30.25
30	\$63.39	\$68.19	\$4.80	7.6%	Next 47 ccf	\$0.46787	\$0.46047
40	\$76.57	\$81.30	\$4.73	6.2%	Excess 50 ccf	\$0.29564	\$0.29096
50	\$89.75	\$94.40	\$4.65	5.2%			
60	\$101.21	\$105.82	\$4.61	4.6%			
70	\$112.67	\$117.23	\$4.56	4.0%			
80	\$124.13	\$128.64	\$4.51	3.6%			
100	\$147.04	\$151.46	\$4.42	3.0%	Gas Supply Chrg	\$0.70284	\$0.70284
120	\$169.96	\$174.29	\$4.32	2.5%	Merch Funct Chrg	\$0.02810	\$0.02810
140	\$192.88	\$197.11	\$4.23	2.2%	SBC	\$0.01457	\$0.01457
160	\$215.80	\$219.93	\$4.14	1.9%	TSA	\$0.03211	\$0.03211
180	\$238.71	\$242.76	\$4.04	1.7%	DRA	\$0.072606	\$0.072606
200	\$261.63	\$265.58	\$3.95	1.5%			
220	\$284.55	\$288.41	\$3.86	1.4%			
250	\$318.93	\$322.64	\$3.72	1.2%			
300	\$376.22	\$379.70	\$3.48	0.9%			
400	\$490.81	\$493.82	\$3.01	0.6%			
500	\$605.39	\$607.94	\$2.55	0.4%			
600	\$719.98	\$722.06	\$2.08	0.3%			
800	\$949.15	\$950.30	\$1.14	0.1%			
1,000	\$1,178.33	\$1,178.53	\$0.21	0.0%			
2,000	\$2,324.20	\$2,319.73	(\$4.47)	-0.2%			

	Sales	Bills at	Bills at	Difference	
<u>Month</u>	<u>Ccf</u>	<u>Present</u> <u>Rates</u>	<u>Proposed</u> <u>Rates</u>	<u>Amount</u>	<u>Percent</u>
January	335	\$415.86	\$419.18	\$3.32	0.8%
February	296	\$371.95	\$375.45	\$3.50	0.9%
March	218	\$281.81	\$285.68	\$3.87	1.4%
April	100	\$147.27	\$151.69	\$4.42	3.0%
May	52	\$91.49	\$96.14	\$4.65	5.1%
June	56	\$96.49	\$101.11	\$4.62	4.8%
July	44	\$81.60	\$86.30	\$4.70	5.8%
August	45	\$83.69	\$88.38	\$4.69	5.6%
September	49	\$88.91	\$93.56	\$4.66	5.2%
October	68	\$110.75	\$115.32	\$4.57	4.1%
November	107	\$154.69	\$159.08	\$4.39	2.8%
December	211	\$274.11	\$278.01	\$3.90	1.4%
Annual Totals	1,581	\$2,198.63	\$2,249.90	\$51.27	2.3%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**  
**Corning SC 3 - General/Non Residential**  
**Formerly SC 1 Commercial**  
**CI CO**

<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>			<u>Present</u> <u>Rates</u>	<u>Year 1</u> <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$43.89	\$49.39	\$5.50	12.5%	First 3 ccf	\$15.25	\$20.25
30	\$49.86	\$55.49	\$5.62	11.3%	Next 47 ccf	\$0.41334	\$0.44535
40	\$61.81	\$67.68	\$5.86	9.5%	Excess 50 ccf	\$0.26118	\$0.28141
50	\$73.76	\$79.87	\$6.10	8.3%			
60	\$84.19	\$90.42	\$6.23	7.4%			
70	\$94.62	\$100.97	\$6.35	6.7%			
80	\$105.05	\$111.52	\$6.47	6.2%			
100	\$125.90	\$132.62	\$6.72	5.3%	Gas Supply Chrg	\$0.70284	\$0.70284
120	\$146.76	\$153.72	\$6.96	4.7%	Merch Funct Chrg	\$0.03610	\$0.02810
140	\$167.62	\$174.82	\$7.21	4.3%	SBC	\$0.01457	\$0.01457
160	\$188.48	\$195.93	\$7.45	4.0%	TSA	\$0.03249	\$0.03249
180	\$209.33	\$217.03	\$7.70	3.7%	DRA	-\$0.00432	-\$0.00432
200	\$230.19	\$238.13	\$7.94	3.4%			
220	\$251.05	\$259.23	\$8.18	3.3%			
250	\$282.33	\$290.89	\$8.55	3.0%			
300	\$334.48	\$343.64	\$9.16	2.7%			
400	\$438.76	\$449.15	\$10.39	2.4%			
500	\$543.05	\$554.66	\$11.61	2.1%			
600	\$647.34	\$660.17	\$12.83	2.0%			
800	\$855.91	\$871.19	\$15.28	1.8%			
1,000	\$1,064.48	\$1,082.21	\$17.73	1.7%			
2,000	\$2,107.35	\$2,137.31	\$29.96	1.4%			

<u>Month</u>	<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
January	389	\$427.57	\$437.83	\$10.26	2.4%
February	391	\$429.01	\$439.28	\$10.27	2.4%
March	302	\$336.90	\$346.09	\$9.19	2.7%
April	185	\$214.50	\$222.25	\$7.76	3.6%
May	113	\$139.80	\$146.68	\$6.88	4.9%
June	67	\$91.92	\$98.24	\$6.32	6.9%
July	63	\$87.66	\$93.93	\$6.27	7.1%
August	60	\$83.98	\$90.20	\$6.22	7.4%
September	67	\$91.38	\$97.69	\$6.31	6.9%
October	89	\$114.37	\$120.95	\$6.58	5.8%
November	156	\$184.22	\$191.62	\$7.40	4.0%
December	267	\$299.92	\$308.68	\$8.76	2.9%
Annual Totals	2,150	\$2,501.23	\$2,593.45	\$92.22	3.7%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**  
**Corning SC 3 - General/Non Residential**  
**Formerly SC 1 Commercial**  
**CI CO**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Year 1 <u>Rates</u>	Year 2 <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$49.39	\$54.89	\$5.50	11.1%	First 3 ccf	\$20.25	\$25.25
30	\$55.49	\$61.09	\$5.61	10.1%	Next 47 ccf	\$0.44535	\$0.46787
40	\$67.68	\$73.51	\$5.83	8.6%	Excess 50 ccf	\$0.28141	\$0.29564
50	\$79.87	\$85.92	\$6.06	7.6%			
60	\$90.42	\$96.62	\$6.20	6.9%			
70	\$100.97	\$107.31	\$6.34	6.3%			
80	\$111.52	\$118.00	\$6.49	5.8%			
100	\$132.62	\$139.39	\$6.77	5.1%	Gas Supply Chrg	\$0.70284	\$0.70284
120	\$153.72	\$160.78	\$7.05	4.6%	Merch Funct Chrg	\$0.02810	\$0.02810
140	\$174.82	\$182.16	\$7.34	4.2%	SBC	\$0.01457	\$0.01457
160	\$195.93	\$203.55	\$7.62	3.9%	TSA	\$0.03249	\$0.03249
180	\$217.03	\$224.94	\$7.91	3.6%	DRA	-\$0.004316	-\$0.004316
200	\$238.13	\$246.32	\$8.19	3.4%			
220	\$259.23	\$267.71	\$8.48	3.3%			
250	\$290.89	\$299.79	\$8.90	3.1%			
300	\$343.64	\$353.26	\$9.62	2.8%			
400	\$449.15	\$460.19	\$11.04	2.5%			
500	\$554.66	\$567.12	\$12.46	2.2%			
600	\$660.17	\$674.05	\$13.88	2.1%			
800	\$871.19	\$887.92	\$16.73	1.9%			
1,000	\$1,082.21	\$1,101.79	\$19.58	1.8%			
2,000	\$2,137.31	\$2,171.11	\$33.81	1.6%			

	Sales	Bills at	Bills at	Difference	
<u>Month</u>	<u>Ccf</u>	<u>Present</u> <u>Rates</u>	<u>Proposed</u> <u>Rates</u>	<u>Amount</u>	<u>Percent</u>
January	389	\$437.83	\$448.71	\$10.89	2.5%
February	391	\$439.28	\$450.19	\$10.91	2.5%
March	302	\$346.09	\$355.74	\$9.65	2.8%
April	185	\$222.25	\$230.23	\$7.98	3.6%
May	113	\$146.68	\$153.64	\$6.96	4.7%
June	67	\$98.24	\$104.54	\$6.31	6.4%
July	63	\$93.93	\$100.18	\$6.25	6.7%
August	60	\$90.20	\$96.40	\$6.20	6.9%
September	67	\$97.69	\$103.99	\$6.30	6.4%
October	89	\$120.95	\$127.56	\$6.61	5.5%
November	156	\$191.62	\$199.19	\$7.57	3.9%
December	267	\$308.68	\$317.82	\$9.14	3.0%
Annual Totals	2,150	\$2,593.45	\$2,688.20	\$94.75	3.7%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**  
**Corning SC 3 - General/Non Residential**  
**Formerly SC 1 Commercial**  
**CI CO**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Year 2 <u>Rates</u>	Year 3 <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$54.89	\$59.72	\$4.84	8.8%	First 3 ccf	\$25.25	\$30.25
30	\$61.09	\$65.89	\$4.80	7.9%	Next 47 ccf	\$0.46787	\$0.46047
40	\$73.51	\$78.23	\$4.73	6.4%	Excess 50 ccf	\$0.29564	\$0.29096
50	\$85.92	\$90.58	\$4.65	5.4%			
60	\$96.62	\$101.22	\$4.61	4.8%			
70	\$107.31	\$111.87	\$4.56	4.2%			
80	\$118.00	\$122.52	\$4.51	3.8%			
100	\$139.39	\$143.81	\$4.42	3.2%	Gas Supply Chrg	\$0.70284	\$0.70284
120	\$160.78	\$165.10	\$4.32	2.7%	Merch Funct Chrg	\$0.02810	\$0.02810
140	\$182.16	\$186.39	\$4.23	2.3%	SBC	\$0.01457	\$0.01457
160	\$203.55	\$207.69	\$4.14	2.0%	TSA	\$0.03249	\$0.03249
180	\$224.94	\$228.98	\$4.04	1.8%	DRA	-\$0.00432	-\$0.00432
200	\$246.32	\$250.27	\$3.95	1.6%			
220	\$267.71	\$271.57	\$3.86	1.4%			
250	\$299.79	\$303.51	\$3.72	1.2%			
300	\$353.26	\$356.74	\$3.48	1.0%			
400	\$460.19	\$463.20	\$3.01	0.7%			
500	\$567.12	\$569.67	\$2.55	0.4%			
600	\$674.05	\$676.13	\$2.08	0.3%			
800	\$887.92	\$889.06	\$1.14	0.1%			
1,000	\$1,101.79	\$1,101.99	\$0.21	0.0%			
2,000	\$2,171.11	\$2,166.64	(\$4.47)	-0.2%			

	Sales	Bills at	Bills at	Difference	
<u>Month</u>	<u>Ccf</u>	<u>Present</u> <u>Rates</u>	<u>Proposed</u> <u>Rates</u>	<u>Amount</u>	<u>Percent</u>
January	389	\$448.71	\$451.78	\$3.06	0.7%
February	391	\$450.19	\$453.25	\$3.06	0.7%
March	302	\$355.74	\$359.21	\$3.47	1.0%
April	185	\$230.23	\$234.25	\$4.02	1.7%
May	113	\$153.64	\$158.00	\$4.36	2.8%
June	67	\$104.54	\$109.12	\$4.57	4.4%
July	63	\$100.18	\$104.77	\$4.59	4.6%
August	60	\$96.40	\$101.01	\$4.61	4.8%
September	67	\$103.99	\$108.56	\$4.57	4.4%
October	89	\$127.56	\$132.03	\$4.47	3.5%
November	156	\$199.19	\$203.35	\$4.16	2.1%
December	267	\$317.82	\$321.46	\$3.64	1.1%
Annual Totals	2,150	\$2,688.20	\$2,736.77	\$48.57	1.8%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**SC 14B - Commercial**  
**ACO**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Present <u>Rates</u>	YR 1 Proposed <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$43.89	\$49.59	\$5.70	13.0%	First 3 ccf	\$15.25	\$20.25
30	\$49.86	\$55.72	\$5.86	11.8%	Next 47 ccf	\$0.41334	\$0.44535
40	\$61.81	\$68.00	\$6.18	10.0%	Excess 50 ccf	\$0.26118	\$0.28141
50	\$73.76	\$80.27	\$6.50	8.8%			
60	\$84.19	\$90.90	\$6.71	8.0%			
70	\$94.62	\$101.53	\$6.91	7.3%			
80	\$105.05	\$112.16	\$7.11	6.8%			
100	\$125.90	\$133.42	\$7.52	6.0%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
120	\$146.76	\$154.68	\$7.92	5.4%			
140	\$167.62	\$175.94	\$8.33	5.0%	SBC	\$0.01457	\$0.01457
160	\$188.48	\$197.21	\$8.73	4.6%	TSA	\$0.03249	\$0.03249
180	\$209.33	\$218.47	\$9.13	4.4%	DRA	-\$0.00432	-\$0.00432
200	\$230.19	\$239.73	\$9.54	4.1%			
220	\$251.05	\$260.99	\$9.94	4.0%			
250	\$282.33	\$292.88	\$10.55	3.7%			
300	\$334.48	\$346.04	\$11.56	3.5%			
400	\$438.76	\$452.35	\$13.58	3.1%			
500	\$543.05	\$558.66	\$15.61	2.9%			
600	\$647.34	\$664.97	\$17.63	2.7%			
800	\$855.91	\$877.59	\$21.68	2.5%	Note: Impacts include an estimate for gas supply.		
1,000	\$1,064.48	\$1,090.20	\$25.72	2.4%			
2,000	\$2,107.35	\$2,153.30	\$45.95	2.2%			

<u>Month</u>	Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference	
				<u>Amount</u>	<u>Percent</u>
January	1266	\$1,341.37	\$1,372.47	\$31.09	2.3%
February	1199	\$1,271.57	\$1,301.31	\$29.74	2.3%
March	1040	\$1,105.73	\$1,132.25	\$26.52	2.4%
April	633	\$682.00	\$700.30	\$18.30	2.7%
May	470	\$511.56	\$526.55	\$15.00	2.9%
June	275	\$308.73	\$319.79	\$11.06	3.6%
July	245	\$276.88	\$287.33	\$10.44	3.8%
August	242	\$273.92	\$284.31	\$10.39	3.8%
September	266	\$299.32	\$310.20	\$10.88	3.6%
October	404	\$442.72	\$456.39	\$13.66	3.1%
November	547	\$591.57	\$608.11	\$16.55	2.8%
December	1021	\$1,086.47	\$1,112.62	\$26.15	2.4%
Annual Totals	7,606	\$8,191.84	\$8,411.63	\$219.79	2.7%



**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**SC 14B - Commercial**  
**ACO**

Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference			Year 1 <u>Rates</u>	Year 2 <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$49.59	\$55.09	\$5.50	11.1%	First 3 ccf	\$20.25	\$25.25
30	\$55.72	\$61.33	\$5.61	10.1%	Next 47 ccf	\$0.44535	\$0.46787
40	\$68.00	\$73.83	\$5.83	8.6%	Excess 50 ccf	\$0.28141	\$0.29564
50	\$80.27	\$86.32	\$6.06	7.5%			
60	\$90.90	\$97.10	\$6.20	6.8%			
70	\$101.53	\$107.87	\$6.34	6.2%			
80	\$112.16	\$118.64	\$6.49	5.8%			
100	\$133.42	\$140.19	\$6.77	5.1%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
120	\$154.68	\$161.74	\$7.05	4.6%			
140	\$175.94	\$183.28	\$7.34	4.2%	SBC	\$0.01457	\$0.01457
160	\$197.21	\$204.83	\$7.62	3.9%	TSA	\$0.03249	\$0.03249
180	\$218.47	\$226.38	\$7.91	3.6%	DRA	-\$0.00432	-\$0.00432
200	\$239.73	\$247.92	\$8.19	3.4%			
220	\$260.99	\$269.47	\$8.48	3.2%			
250	\$292.88	\$301.79	\$8.90	3.0%			
300	\$346.04	\$355.65	\$9.62	2.8%			
400	\$452.35	\$463.39	\$11.04	2.4%			
500	\$558.66	\$571.12	\$12.46	2.2%			
600	\$664.97	\$678.85	\$13.88	2.1%			
800	\$877.59	\$894.32	\$16.73	1.9%			
1,000	\$1,090.20	\$1,109.78	\$19.58	1.8%	Note: Impacts include an estimate for gas supply.		
2,000	\$2,153.30	\$2,187.10	\$33.81	1.6%			

<u>Month</u>	Sales <u>Ccf</u>	Bills at Present <u>Rates</u>	Bills at Proposed <u>Rates</u>	Difference	
				<u>Amount</u>	<u>Percent</u>
January	1266	\$1,372.47	\$1,395.82	\$23.36	1.7%
February	1199	\$1,301.31	\$1,323.72	\$22.40	1.7%
March	1040	\$1,132.25	\$1,152.39	\$20.14	1.8%
April	633	\$700.30	\$714.66	\$14.36	2.1%
May	470	\$526.55	\$538.59	\$12.03	2.3%
June	275	\$319.79	\$329.05	\$9.26	2.9%
July	245	\$287.33	\$296.16	\$8.83	3.1%
August	242	\$284.31	\$293.10	\$8.79	3.1%
September	266	\$310.20	\$319.34	\$9.14	2.9%
October	404	\$456.39	\$467.48	\$11.09	2.4%
November	547	\$608.11	\$621.24	\$13.12	2.2%
December	1021	\$1,112.62	\$1,132.50	\$19.88	1.8%
Annual Totals	7,606	\$8,411.63	\$8,584.03	\$172.40	2.0%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**SC 14B - Commercial**  
**ACO**

<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>			<u>Year 2</u> <u>Rates</u>	<u>Year 3</u> <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$55.09	\$59.92	\$4.84	8.8%	First 3 ccf	\$25.25	\$30.25
30	\$61.33	\$66.13	\$4.80	7.8%	Next 47 ccf	\$0.46787	\$0.46047
40	\$73.83	\$78.55	\$4.73	6.4%	Excess 50 ccf	\$0.29564	\$0.29096
50	\$86.32	\$90.98	\$4.65	5.4%			
60	\$97.10	\$101.70	\$4.61	4.7%			
70	\$107.87	\$112.43	\$4.56	4.2%			
80	\$118.64	\$123.16	\$4.51	3.8%			
100	\$140.19	\$144.61	\$4.42	3.2%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
120	\$161.74	\$166.06	\$4.32	2.7%			
140	\$183.28	\$187.51	\$4.23	2.3%	SBC	\$0.01457	\$0.01457
160	\$204.83	\$208.97	\$4.14	2.0%	TSA	\$0.03249	\$0.03249
180	\$226.38	\$230.42	\$4.04	1.8%	DRA	-\$0.00432	-\$0.00432
200	\$247.92	\$251.87	\$3.95	1.6%			
220	\$269.47	\$273.33	\$3.86	1.4%			
250	\$301.79	\$305.50	\$3.72	1.2%			
300	\$355.65	\$359.14	\$3.48	1.0%			
400	\$463.39	\$466.40	\$3.01	0.7%			
500	\$571.12	\$573.67	\$2.55	0.4%			
600	\$678.85	\$680.93	\$2.08	0.3%			
800	\$894.32	\$895.46	\$1.14	0.1%			
1,000	\$1,109.78	\$1,109.99	\$0.21	0.0%	Note: Impacts include an estimate for gas supply.		
2,000	\$2,187.10	\$2,182.63	(\$4.47)	-0.2%			

<u>Month</u>	<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
January	1266	\$1,395.82	\$1,394.79	-\$1.04	-0.1%
February	1199	\$1,323.72	\$1,322.99	-\$0.72	-0.1%
March	1040	\$1,152.39	\$1,152.41	\$0.02	0.0%
April	633	\$714.66	\$716.58	\$1.92	0.3%
May	470	\$538.59	\$541.27	\$2.69	0.5%
June	275	\$329.05	\$332.65	\$3.60	1.1%
July	245	\$296.16	\$299.90	\$3.74	1.3%
August	242	\$293.10	\$296.85	\$3.75	1.3%
September	266	\$319.34	\$322.98	\$3.64	1.1%
October	404	\$467.48	\$470.47	\$3.00	0.6%
November	547	\$621.24	\$623.57	\$2.33	0.4%
December	1021	\$1,132.50	\$1,132.61	\$0.11	0.0%
Annual Totals	7,606	\$8,584.03	\$8,607.07	\$23.04	0.3%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 2 - Bath Firm**  
**BR**

<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>			<u>Present</u> <u>Rates</u>	<u>Year 1</u> <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$19.39	\$1,241.15	\$1,221.76	6299.8%	Transportation	0	\$ 1,220.00
100	\$77.57	\$1,304.61	\$1,227.03	1581.7%	>x	0.07000	\$ 0.07846
500	\$387.87	\$1,643.03	\$1,255.16	323.6%			
1,000	\$775.75	\$2,066.06	\$1,290.31	166.3%			
3,000	\$2,327.24	\$3,758.19	\$1,430.94	61.5%			
5,000	\$3,878.74	\$5,450.31	\$1,571.57	40.5%			
10,000	\$7,757.47	\$9,680.62	\$1,923.15	24.8%			
20,000	\$15,514.94	\$18,141.24	\$2,626.30	16.9%	Gas Supply Charge	\$0.70284	\$0.70284
30,000	\$23,272.41	\$26,601.86	\$3,329.45	14.3%	Merch Funct Chrg	\$0.00738	\$0.02810
40,000	\$31,029.88	\$35,062.47	\$4,032.59	13.0%	Bath Surcharge	\$0.00000	\$0.04113
50,000	\$38,787.35	\$43,523.09	\$4,735.74	12.2%			
60,000	\$46,544.82	\$51,983.71	\$5,438.89	11.7%	DRA	-\$0.004473	-\$0.004473
70,000	\$54,302.29	\$60,444.33	\$6,142.04	11.3%			
80,000	\$62,059.76	\$68,904.95	\$6,845.19	11.0%			
90,000	\$69,817.23	\$77,365.57	\$7,548.34	10.8%			
100,000	\$77,574.70	\$85,826.19	\$8,251.49	10.6%			
150,000	\$116,362.05	\$128,129.28	\$11,767.23	10.1%			
200,000	\$155,149.40	\$170,432.37	\$15,282.97	9.9%			
250,000	\$193,936.75	\$212,735.47	\$18,798.72	9.7%			
300,000	\$232,724.10	\$255,038.56	\$22,314.46	9.6%			
400,000	\$310,298.80	\$339,644.74	\$29,345.94	9.5%			
500,000	\$387,873.50	\$424,250.93	\$36,377.43	9.4%			

<u>Month</u>	<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
January	490,892	\$380,808.17	\$416,545.19	\$35,737.02	9.4%
February	371,300	\$288,035.09	\$315,363.02	\$27,327.93	9.5%
March	344,347	\$267,126.10	\$292,558.81	\$25,432.71	9.5%
April	198,931	\$154,320.49	\$169,528.32	\$15,207.84	9.9%
May	116,266	\$90,192.77	\$99,587.98	\$9,395.21	10.4%
June	48,230	\$37,414.28	\$42,025.56	\$4,611.29	12.3%
July	54,520	\$42,293.73	\$47,347.29	\$5,053.57	11.9%
August	65,500	\$50,811.43	\$56,637.05	\$5,825.62	11.5%
September	76,923	\$59,673.03	\$66,301.88	\$6,628.85	11.1%
October	163,641	\$126,943.94	\$139,670.32	\$12,726.39	10.0%
November	257,899	\$200,064.49	\$219,418.64	\$19,354.14	9.7%
December	441,071	\$342,159.59	\$374,393.44	\$32,233.85	9.4%
Annual Totals	2,629,521	\$2,039,843.10	\$2,239,377.51	\$199,534.41	9.8%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 2 - Bath Firm**  
**BR**

<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>			<u>Year 1</u> <u>Rates</u>	<u>Year 2</u> <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$1,241.15	\$1,241.35	\$0.20	0.0%	Transportation	1220	\$ 1,220.00
100	\$1,304.61	\$1,305.39	\$0.79	0.1%	>x	0.07846	\$ 0.0863
500	\$1,643.03	\$1,646.96	\$3.92	0.2%			
1,000	\$2,066.06	\$2,073.91	\$7.85	0.4%			
3,000	\$3,758.19	\$3,781.74	\$23.55	0.6%			
5,000	\$5,450.31	\$5,489.56	\$39.25	0.7%			
10,000	\$9,680.62	\$9,759.12	\$78.50	0.8%			
20,000	\$18,141.24	\$18,298.24	\$157.00	0.9%	Gas Supply Charge	\$0.70284	\$0.70284
30,000	\$26,601.86	\$26,837.36	\$235.50	0.9%	Merch Funct Chrg	\$0.02810	\$0.02810
40,000	\$35,062.47	\$35,376.47	\$314.00	0.9%	Bath Surcharge	\$0.04113	\$0.04113
50,000	\$43,523.09	\$43,915.59	\$392.50	0.9%			
60,000	\$51,983.71	\$52,454.71	\$471.00	0.9%	DRA	-\$0.00447	-\$0.00447
70,000	\$60,444.33	\$60,993.83	\$549.50	0.9%			
80,000	\$68,904.95	\$69,532.95	\$628.00	0.9%			
90,000	\$77,365.57	\$78,072.07	\$706.50	0.9%			
100,000	\$85,826.19	\$86,611.19	\$785.00	0.9%			
150,000	\$128,129.28	\$129,306.78	\$1,177.50	0.9%			
200,000	\$170,432.37	\$172,002.37	\$1,570.00	0.9%			
250,000	\$212,735.47	\$214,697.97	\$1,962.50	0.9%			
300,000	\$255,038.56	\$257,393.56	\$2,355.00	0.9%			
400,000	\$339,644.74	\$342,784.74	\$3,140.00	0.9%			
500,000	\$424,250.93	\$428,175.93	\$3,925.00	0.9%			
check	423,030.93	428,175.93					

<u>Month</u>	<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
January	490,892	\$416,545.19	\$420,398.69	\$3,853.50	0.9%
February	371,300	\$315,363.02	\$318,277.73	\$2,914.71	0.9%
March	344,347	\$292,558.81	\$295,261.93	\$2,703.12	0.9%
April	198,931	\$169,528.32	\$171,089.94	\$1,561.61	0.9%
May	116,266	\$99,587.98	\$100,500.67	\$912.69	0.9%
June	48,230	\$42,025.56	\$42,404.17	\$378.61	0.9%
July	54,520	\$47,347.29	\$47,775.27	\$427.98	0.9%
August	65,500	\$56,637.05	\$57,151.23	\$514.17	0.9%
September	76,923	\$66,301.88	\$66,905.73	\$603.85	0.9%
October	163,641	\$139,670.32	\$140,954.90	\$1,284.58	0.9%
November	257,899	\$219,418.64	\$221,443.14	\$2,024.51	0.9%
December	441,071	\$374,393.44	\$377,855.85	\$3,462.41	0.9%
Annual Totals	2,629,521	\$2,239,377.51	\$2,260,019.26	\$20,641.74	0.9%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 2 - Bath Firm**  
**BR**

<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>			<u>Year 2</u> <u>Rates</u>	<u>Year 3</u> <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$1,241.35	\$1,241.43	\$0.08	0.0%	Transportation >x	1220	\$ 1,220.00
100	\$1,305.39	\$1,305.71	\$0.32	0.0%		0.08631	\$ 0.0895
500	\$1,646.96	\$1,648.55	\$1.59	0.1%			
1,000	\$2,073.91	\$2,077.10	\$3.19	0.2%			
3,000	\$3,781.74	\$3,791.29	\$9.56	0.3%			
5,000	\$5,489.56	\$5,505.49	\$15.93	0.3%			
10,000	\$9,759.12	\$9,790.97	\$31.86	0.3%			
20,000	\$18,298.24	\$18,361.95	\$63.71	0.3%	Gas Supply Charge	\$0.70284	\$0.70284
30,000	\$26,837.36	\$26,932.92	\$95.57	0.4%	Merch Funct Chrg	\$0.02810	\$0.02810
40,000	\$35,376.47	\$35,503.90	\$127.42	0.4%	Bath Surcharge	\$0.04113	\$0.04113
50,000	\$43,915.59	\$44,074.87	\$159.28	0.4%			
60,000	\$52,454.71	\$52,645.85	\$191.13	0.4%	DRA	-\$0.00447	-\$0.004473
70,000	\$60,993.83	\$61,216.82	\$222.99	0.4%			
80,000	\$69,532.95	\$69,787.79	\$254.85	0.4%			
90,000	\$78,072.07	\$78,358.77	\$286.70	0.4%			
100,000	\$86,611.19	\$86,929.74	\$318.56	0.4%			
150,000	\$129,306.78	\$129,784.62	\$477.84	0.4%			
200,000	\$172,002.37	\$172,639.49	\$637.11	0.4%			
250,000	\$214,697.97	\$215,494.36	\$796.39	0.4%			
300,000	\$257,393.56	\$258,349.23	\$955.67	0.4%			
400,000	\$342,784.74	\$344,058.97	\$1,274.23	0.4%			
500,000	\$428,175.93	\$429,768.72	\$1,592.79	0.4%			

<u>Month</u>	<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
January	490,892	\$420,398.69	\$421,962.47	\$1,563.77	0.4%
February	371,300	\$318,277.73	\$319,460.53	\$1,182.80	0.4%
March	344,347	\$295,261.93	\$296,358.88	\$1,096.94	0.4%
April	198,931	\$171,089.94	\$171,723.65	\$633.71	0.4%
May	116,266	\$100,500.67	\$100,871.04	\$370.37	0.4%
June	48,230	\$42,404.17	\$42,557.81	\$153.64	0.4%
July	54,520	\$47,775.27	\$47,948.95	\$173.68	0.4%
August	65,500	\$57,151.23	\$57,359.88	\$208.66	0.4%
September	76,923	\$66,905.73	\$67,150.78	\$245.04	0.4%
October	163,641	\$140,954.90	\$141,476.19	\$521.29	0.4%
November	257,899	\$221,443.14	\$222,264.70	\$821.56	0.4%
December	441,071	\$377,855.85	\$379,260.91	\$1,405.06	0.4%
Annual Totals	2,629,521	\$2,260,019.26	\$2,268,395.79	\$8,376.53	0.4%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 6 Transportation - Commercial**  
**CT, CTO, MT, MTO, PT, PTO**

Sales Ccf	Bills at Present Rates	Bills at Proposed Rates	Difference			Present Rates	Year 1 Rates
			Amount	Percent			
25	\$38.96	\$74.06	\$35.10	90.1%	Transportation	15.25	\$ 50.00
50	\$62.68	\$98.13	\$35.45	56.6%	>x	0.18296	\$ 0.19703
100	\$110.10	\$146.26	\$36.16	32.8%			
300	\$299.81	\$338.78	\$38.97	13.0%			
500	\$489.51	\$531.30	\$41.79	8.5%			
800	\$774.07	\$820.07	\$46.01	5.9%			
1,000	\$963.77	\$1,012.59	\$48.82	5.1%			
2,000	\$1,912.30	\$1,975.19	\$62.89	3.3%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
3,000	\$2,860.82	\$2,937.78	\$76.96	2.7%			
4,000	\$3,809.34	\$3,900.37	\$91.03	2.4%			
5,000	\$4,757.87	\$4,862.97	\$105.10	2.2%	TSA	\$0.03094	\$0.03094
6,000	\$5,706.39	\$5,825.56	\$119.17	2.1%	DRA	-\$0.004316	-\$0.004316
7,000	\$6,654.91	\$6,788.15	\$133.24	2.0%			
8,000	\$7,603.44	\$7,750.75	\$147.31	1.9%			
9,000	\$8,551.96	\$8,713.34	\$161.38	1.9%			
10,000	\$9,500.49	\$9,675.94	\$175.45	1.8%			
11,000	\$10,449.01	\$10,638.53	\$189.52	1.8%			
12,000	\$11,397.53	\$11,601.12	\$203.59	1.8%			
13,000	\$12,346.06	\$12,563.72	\$217.66	1.8%	Note: Impacts include an estimate for gas supply.		
14,000	\$13,294.58	\$13,526.31	\$231.73	1.7%			
15,000	\$14,243.10	\$14,488.90	\$245.80	1.7%			
20,000	\$18,985.72	\$19,301.87	\$316.15	1.7%			

Month	Sales Ccf	Bills at Present Rates	Bills at Proposed Rates	Difference	
				Amount	Percent
January	11,904	\$11,306.95	\$11,509.19	\$202.25	1.8%
February	9,956	\$9,458.89	\$9,633.73	\$174.83	1.8%
March	6,345	\$6,033.53	\$6,157.55	\$124.02	2.1%
April	10,577	\$10,047.70	\$10,231.27	\$183.57	1.8%
May	6,167	\$5,864.83	\$5,986.35	\$121.52	2.1%
June	6,004	\$5,710.29	\$5,829.51	\$119.23	2.1%
July	5,668	\$5,391.91	\$5,506.42	\$114.51	2.1%
August	5,804	\$5,520.91	\$5,637.33	\$116.42	2.1%
September	5,972	\$5,679.80	\$5,798.57	\$118.78	2.1%
October	7,371	\$7,006.44	\$7,144.90	\$138.45	2.0%
November	8,980	\$8,533.21	\$8,694.31	\$161.10	1.9%
December	15,533	\$14,748.24	\$15,001.54	\$253.29	1.7%
Annual Totals	100,282	\$95,302.70	\$97,130.67	\$1,827.97	1.9%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 6 Transportation - Commercial**  
**CT, CTO, MT, MTO, PT, PTO**

<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>			<u>Year 1</u> <u>Rates</u>	<u>Year 2</u> <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$74.06	\$99.42	\$25.35	34.2%	Transportation	\$ 50.00	\$ 75.00
50	\$98.13	\$123.84	\$25.71	26.2%	>x	\$ 0.20	\$ 0.2112
100	\$146.26	\$172.68	\$26.42	18.1%			
300	\$338.78	\$368.03	\$29.25	8.6%			
500	\$531.30	\$563.38	\$32.08	6.0%			
800	\$820.07	\$856.41	\$36.34	4.4%			
1,000	\$1,012.59	\$1,051.76	\$39.17	3.9%			
2,000	\$1,975.19	\$2,028.53	\$53.34	2.7%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
3,000	\$2,937.78	\$3,005.29	\$67.51	2.3%			
4,000	\$3,900.37	\$3,982.05	\$81.68	2.1%			
5,000	\$4,862.97	\$4,958.82	\$95.85	2.0%	TSA	\$0.03094	\$0.03094
6,000	\$5,825.56	\$5,935.58	\$110.02	1.9%	DRA	-\$0.004316	-\$0.004316
7,000	\$6,788.15	\$6,912.34	\$124.19	1.8%			
8,000	\$7,750.75	\$7,889.11	\$138.36	1.8%			
9,000	\$8,713.34	\$8,865.87	\$152.53	1.8%			
10,000	\$9,675.94	\$9,842.64	\$166.70	1.7%			
11,000	\$10,638.53	\$10,819.40	\$180.87	1.7%			
12,000	\$11,601.12	\$11,796.16	\$195.04	1.7%			
13,000	\$12,563.72	\$12,772.93	\$209.21	1.7%	Note: Impacts include an estimate for gas supply.		
14,000	\$13,526.31	\$13,749.69	\$223.38	1.7%			
15,000	\$14,488.90	\$14,726.45	\$237.55	1.6%			
20,000	\$19,301.87	\$19,610.27	\$308.40	1.6%			

<u>Month</u>	<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
January	11,904	\$11,509.19	\$11,702.88	\$193.69	1.7%
February	9,956	\$9,633.73	\$9,799.80	\$166.08	1.7%
March	6,345	\$6,157.55	\$6,272.46	\$114.91	1.9%
April	10,577	\$10,231.27	\$10,406.14	\$174.87	1.7%
May	6,167	\$5,986.35	\$6,098.74	\$112.39	1.9%
June	6,004	\$5,829.51	\$5,939.59	\$110.08	1.9%
July	5,668	\$5,506.42	\$5,611.74	\$105.32	1.9%
August	5,804	\$5,637.33	\$5,744.58	\$107.25	1.9%
September	5,972	\$5,798.57	\$5,908.19	\$109.62	1.9%
October	7,371	\$7,144.90	\$7,274.34	\$129.44	1.8%
November	8,980	\$8,694.31	\$8,846.56	\$152.25	1.8%
December	15,533	\$15,001.54	\$15,246.63	\$245.10	1.6%
Annual Totals	100,282	\$97,130.67	\$98,851.66	\$1,720.99	1.8%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 6 Transportation - Commercial**  
**CT, CTO, MT, MTO, PT, PTO**

<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>			<u>Year 2</u> <u>Rates</u>	<u>Year 3</u> <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$99.42	\$124.50	\$25.08	25.2%	Transportation >x	\$ 75.00	\$ 100.00
50	\$123.84	\$149.00	\$25.16	20.3%		\$ 0.21120	\$ 0.21436
100	\$172.68	\$197.99	\$25.32	14.7%			
300	\$368.03	\$393.98	\$25.95	7.1%			
500	\$563.38	\$589.96	\$26.58	4.7%			
800	\$856.41	\$883.94	\$27.53	3.2%			
1,000	\$1,051.76	\$1,079.92	\$28.16	2.7%			
2,000	\$2,028.53	\$2,059.85	\$31.32	1.5%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
3,000	\$3,005.29	\$3,039.77	\$34.48	1.1%			
4,000	\$3,982.05	\$4,019.69	\$37.64	0.9%			
5,000	\$4,958.82	\$4,999.62	\$40.80	0.8%	TSA DRA	\$0.03094	\$0.03094
6,000	\$5,935.58	\$5,979.54	\$43.96	0.7%		-\$0.004316	-\$0.004316
7,000	\$6,912.34	\$6,959.46	\$47.12	0.7%			
8,000	\$7,889.11	\$7,939.39	\$50.28	0.6%			
9,000	\$8,865.87	\$8,919.31	\$53.44	0.6%			
10,000	\$9,842.64	\$9,899.24	\$56.60	0.6%			
11,000	\$10,819.40	\$10,879.16	\$59.76	0.6%			
12,000	\$11,796.16	\$11,859.08	\$62.92	0.5%	Note: Impacts include an estimate for gas supply.		
13,000	\$12,772.93	\$12,839.01	\$66.08	0.5%			
14,000	\$13,749.69	\$13,818.93	\$69.24	0.5%			
15,000	\$14,726.45	\$14,798.85	\$72.40	0.5%			
20,000	\$19,610.27	\$19,698.47	\$88.20	0.4%			

<u>Month</u>	<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
January	11,904	\$11,702.88	\$11,765.50	\$62.62	0.5%
February	9,956	\$9,799.80	\$9,856.27	\$56.46	0.6%
March	6,345	\$6,272.46	\$6,317.51	\$45.05	0.7%
April	10,577	\$10,406.14	\$10,464.57	\$58.42	0.6%
May	6,167	\$6,098.74	\$6,143.23	\$44.49	0.7%
June	6,004	\$5,939.59	\$5,983.57	\$43.97	0.7%
July	5,668	\$5,611.74	\$5,654.65	\$42.91	0.8%
August	5,804	\$5,744.58	\$5,787.92	\$43.34	0.8%
September	5,972	\$5,908.19	\$5,952.07	\$43.87	0.7%
October	7,371	\$7,274.34	\$7,322.63	\$48.29	0.7%
November	8,980	\$8,846.56	\$8,899.94	\$53.38	0.6%
December	15,533	\$15,246.63	\$15,320.71	\$74.08	0.5%
Annual Totals	100,282	\$98,851.66	\$99,468.55	\$616.89	0.6%



**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 6 Transportation - Commercial**  
**HT HTO**

<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>			<u>Present</u> <u>Rates</u>	<u>Year 1</u> <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$39.34	\$74.33	\$34.99	88.9%	Transportation	15.25	\$ 50.00
50	\$63.43	\$98.65	\$35.22	55.5%	>x	0.12320	0.13267
100	\$111.61	\$147.30	\$35.70	32.0%			
300	\$304.32	\$341.91	\$37.59	12.4%			
500	\$497.04	\$536.52	\$39.49	7.9%			
800	\$786.11	\$828.44	\$42.33	5.4%			
1,000	\$978.83	\$1,023.05	\$44.22	4.5%			
2,000	\$1,942.40	\$1,996.09	\$53.69	2.8%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
3,000	\$2,905.98	\$2,969.14	\$63.16	2.2%			
4,000	\$3,869.55	\$3,942.18	\$72.63	1.9%			
5,000	\$4,833.13	\$4,915.23	\$82.10	1.7%	TSA	\$0.02883	\$0.02883
6,000	\$5,796.71	\$5,888.28	\$91.57	1.6%	DRA	\$0.07261	\$0.07261
7,000	\$6,760.28	\$6,861.32	\$101.04	1.5%			
8,000	\$7,723.86	\$7,834.37	\$110.51	1.4%			
9,000	\$8,687.43	\$8,807.41	\$119.98	1.4%			
10,000	\$9,651.01	\$9,780.46	\$129.45	1.3%	Note: Impacts include an estimate for gas supply.		
11,000	\$10,614.59	\$10,753.51	\$138.92	1.3%			
12,000	\$11,578.16	\$11,726.55	\$148.39	1.3%			
13,000	\$12,541.74	\$12,699.60	\$157.86	1.3%			
14,000	\$13,505.31	\$13,672.64	\$167.33	1.2%			
15,000	\$14,468.89	\$14,645.69	\$176.80	1.2%			
20,000	\$19,286.77	\$19,510.92	\$224.15	1.2%			

<u>Month</u>	<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
January	7,845.08	\$7,574.58	\$7,683.62	\$109.04	1.4%
February	6,554.02	\$6,330.55	\$6,427.37	\$96.82	1.5%
March	5,802.23	\$5,606.14	\$5,695.84	\$89.70	1.6%
April	2,921.52	\$2,830.36	\$2,892.78	\$62.42	2.2%
May	2,050.83	\$1,991.38	\$2,045.55	\$54.17	2.7%
June	1,261.85	\$1,231.14	\$1,277.84	\$46.70	3.8%
July	1,179.75	\$1,152.03	\$1,197.95	\$45.92	4.0%
August	1,169.25	\$1,141.91	\$1,187.73	\$45.82	4.0%
September	1,446.76	\$1,409.31	\$1,457.76	\$48.45	3.4%
October	3,614.33	\$3,497.93	\$3,566.91	\$68.98	2.0%
November	4,585.25	\$4,433.48	\$4,511.66	\$78.17	1.8%
December	7,013.67	\$6,773.45	\$6,874.62	\$101.17	1.5%
Annual Totals	45,445	\$43,972.27	\$44,819.63	\$847.36	1.9%

checking      \$ 6,773.45    \$    6,874.62

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 6 Transportation - Commercial**  
**HT HTO**

<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>			<u>Year 1</u> <u>Rates</u>	<u>Year 2</u> <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$74.33	\$99.56	\$25.24	34.0%	Transportation	\$ 50.00	\$ 75.00
50	\$98.65	\$124.13	\$25.48	25.8%	>x	\$ 0.13267	\$ 0.14222
100	\$147.30	\$173.26	\$25.96	17.6%			
300	\$341.91	\$369.78	\$27.87	8.1%			
500	\$536.52	\$566.30	\$29.78	5.5%			
800	\$828.44	\$861.08	\$32.64	3.9%			
1,000	\$1,023.05	\$1,057.60	\$34.55	3.4%			
2,000	\$1,996.09	\$2,040.19	\$44.10	2.2%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
3,000	\$2,969.14	\$3,022.79	\$53.65	1.8%			
4,000	\$3,942.18	\$4,005.38	\$63.20	1.6%			
5,000	\$4,915.23	\$4,987.98	\$72.75	1.5%	TSA	\$0.02883	\$0.02883
6,000	\$5,888.28	\$5,970.58	\$82.30	1.4%	DRA	\$0.07261	\$0.07261
7,000	\$6,861.32	\$6,953.17	\$91.85	1.3%			
8,000	\$7,834.37	\$7,935.77	\$101.40	1.3%			
9,000	\$8,807.41	\$8,918.36	\$110.95	1.3%			
10,000	\$9,780.46	\$9,900.96	\$120.50	1.2%			
11,000	\$10,753.51	\$10,883.56	\$130.05	1.2%			
12,000	\$11,726.55	\$11,866.15	\$139.60	1.2%			
13,000	\$12,699.60	\$12,848.75	\$149.15	1.2%			
14,000	\$13,672.64	\$13,831.34	\$158.70	1.2%			
15,000	\$14,645.69	\$14,813.94	\$168.25	1.1%			
20,000	\$19,510.92	\$19,726.92	\$216.00	1.1%			

Note: Impacts include an estimate for gas supply.

<u>Month</u>	<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
January	7845	\$7,683.62	\$7,783.54	\$99.92	1.3%
February	6554	\$6,427.37	\$6,514.96	\$87.59	1.4%
March	5802	\$5,695.84	\$5,776.25	\$80.41	1.4%
April	2922	\$2,892.78	\$2,945.68	\$52.90	1.8%
May	2051	\$2,045.55	\$2,090.14	\$44.59	2.2%
June	1262	\$1,277.84	\$1,314.89	\$37.05	2.9%
July	1180	\$1,197.95	\$1,234.22	\$36.27	3.0%
August	1169	\$1,187.73	\$1,223.90	\$36.17	3.0%
September	1447	\$1,457.76	\$1,496.58	\$38.82	2.7%
October	3614	\$3,566.91	\$3,626.43	\$59.52	1.7%
November	4585	\$4,511.66	\$4,580.45	\$68.79	1.5%
December	7014	\$6,874.62	\$6,966.60	\$91.98	1.3%
Annual Totals	45,445	\$44,819.63	\$45,553.63	\$734.00	1.6%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning SC 6 Transportation - Commercial**  
**HT HTO**

<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>			<u>Year 2</u> <u>Rates</u>	<u>Year 3</u> <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$99.56	\$124.62	\$25.05	25.2%	Transportation >x	\$ 75.00	\$ 100.00
50	\$124.13	\$149.24	\$25.11	20.2%		\$ 0.14222	\$ 0.14434
100	\$173.26	\$198.47	\$25.21	14.6%			
300	\$369.78	\$395.41	\$25.64	6.9%			
500	\$566.30	\$592.36	\$26.06	4.6%			
800	\$861.08	\$887.77	\$26.70	3.1%			
1,000	\$1,057.60	\$1,084.72	\$27.12	2.6%			
2,000	\$2,040.19	\$2,069.43	\$29.24	1.4%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
3,000	\$3,022.79	\$3,054.15	\$31.36	1.0%			
4,000	\$4,005.38	\$4,038.86	\$33.48	0.8%			
5,000	\$4,987.98	\$5,023.58	\$35.60	0.7%	TSA DRA	\$0.02883	\$0.02883
6,000	\$5,970.58	\$6,008.30	\$37.72	0.6%		\$0.07261	\$0.07261
7,000	\$6,953.17	\$6,993.01	\$39.84	0.6%			
8,000	\$7,935.77	\$7,977.73	\$41.96	0.5%			
9,000	\$8,918.36	\$8,962.44	\$44.08	0.5%			
10,000	\$9,900.96	\$9,947.16	\$46.20	0.5%	Note: Impacts include an estimate for gas supply.		
11,000	\$10,883.56	\$10,931.88	\$48.32	0.4%			
12,000	\$11,866.15	\$11,916.59	\$50.44	0.4%			
13,000	\$12,848.75	\$12,901.31	\$52.56	0.4%			
14,000	\$13,831.34	\$13,886.02	\$54.68	0.4%			
15,000	\$14,813.94	\$14,870.74	\$56.80	0.4%			
20,000	\$19,726.92	\$19,794.32	\$67.40	0.3%			

<u>Month</u>	<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
January	7845	\$7,783.54	\$7,825.18	\$41.63	0.5%
February	6554	\$6,514.96	\$6,553.85	\$38.89	0.6%
March	5802	\$5,776.25	\$5,813.55	\$37.30	0.6%
April	2922	\$2,945.68	\$2,976.87	\$31.19	1.1%
May	2051	\$2,090.14	\$2,119.48	\$29.35	1.4%
June	1262	\$1,314.89	\$1,342.56	\$27.68	2.1%
July	1180	\$1,234.22	\$1,261.72	\$27.50	2.2%
August	1169	\$1,223.90	\$1,251.38	\$27.48	2.2%
September	1447	\$1,496.58	\$1,524.65	\$28.07	1.9%
October	3614	\$3,626.43	\$3,659.09	\$32.66	0.9%
November	4585	\$4,580.45	\$4,615.17	\$34.72	0.8%
December	7014	\$6,966.60	\$7,006.47	\$39.87	0.6%
Annual Totals	45,445	\$45,553.63	\$45,949.97	\$396.34	0.9%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning S.C. 7 Transportation > 25000**

**IT, ITO**

<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>			<u>Present</u> <u>Rates</u>	<u>Year 1</u> <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$1,240.91	\$1,241.10	\$0.19	0.0%	Transportation >x	\$1,220.00	\$1,220.00
100	\$1,303.64	\$1,304.40	\$0.76	0.1%		\$0.07083	\$0.07846
500	\$1,638.20	\$1,642.01	\$3.82	0.2%			
1,000	\$2,056.39	\$2,064.02	\$7.63	0.4%			
5,000	\$5,401.97	\$5,440.12	\$38.15	0.7%			
10,000	\$9,583.94	\$9,660.24	\$76.30	0.8%			
50,000	\$43,039.68	\$43,421.18	\$381.50	0.9%			
60,000	\$51,403.61	\$51,861.41	\$457.80	0.9%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
70,000	\$59,767.55	\$60,301.65	\$534.10	0.9%			
80,000	\$68,131.48	\$68,741.88	\$610.40	0.9%			
90,000	\$76,495.42	\$77,182.12	\$686.70	0.9%	TSA DRA	\$0.03094	\$0.03094
100,000	\$84,859.35	\$85,622.35	\$763.00	0.9%		-\$0.004316	-\$0.004316
110,000	\$93,223.29	\$94,062.59	\$839.30	0.9%			
120,000	\$101,587.22	\$102,502.82	\$915.60	0.9%			
130,000	\$109,951.16	\$110,943.06	\$991.90	0.9%			
140,000	\$118,315.09	\$119,383.29	\$1,068.20	0.9%			
150,000	\$126,679.03	\$127,823.53	\$1,144.50	0.9%			
175,000	\$147,588.87	\$148,924.12	\$1,335.25	0.9%			
200,000	\$168,498.70	\$170,024.70	\$1,526.00	0.9%			
225,000	\$189,408.54	\$191,125.29	\$1,716.75	0.9%	Note: Impacts include an estimate for gas supply.		
250,000	\$210,318.38	\$212,225.88	\$1,907.50	0.9%			
275,000	\$231,228.22	\$233,326.47	\$2,098.25	0.9%			

<u>Month</u>	<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
January	221,221.08	\$186,247.88	\$187,935.79	\$1,687.92	0.9%
February	203,535.13	\$171,455.46	\$173,008.43	\$1,552.97	0.9%
March	183,848.03	\$154,989.30	\$156,392.06	\$1,402.76	0.9%
April	140,204.98	\$118,486.54	\$119,556.30	\$1,069.76	0.9%
May	146,121.65	\$123,435.20	\$124,550.11	\$1,114.91	0.9%
June	102,841.98	\$87,236.37	\$88,021.05	\$784.68	0.9%
July	97,135.00	\$82,463.08	\$83,204.22	\$741.14	0.9%
August	102,827.50	\$87,224.25	\$88,008.83	\$784.57	0.9%
September	101,419.58	\$86,046.68	\$86,820.51	\$773.83	0.9%
October	127,108.99	\$107,533.14	\$108,502.98	\$969.84	0.9%
November	155,832.41	\$131,557.22	\$132,746.22	\$1,189.00	0.9%
December	215,152.50	\$181,172.16	\$182,813.77	\$1,641.61	0.9%
Annual Totals	1,797,249	\$1,517,847.28	\$1,531,560.29	\$13,713.01	0.9%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning S.C. 7 Transportation > 25000**  
**IT, ITO**

<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>			<u>Year 1</u> <u>Rates</u>	<u>Year 2</u> <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$1,241.10	\$1,241.29	\$0.19	0.0%	Transportation >x	\$1,220.00	\$1,220.00
100	\$1,304.40	\$1,305.17	\$0.76	0.1%		\$0.07846	\$0.08610
500	\$1,642.01	\$1,645.83	\$3.82	0.2%			
1,000	\$2,064.02	\$2,071.66	\$7.64	0.4%			
5,000	\$5,440.12	\$5,478.32	\$38.20	0.7%			
10,000	\$9,660.24	\$9,736.64	\$76.40	0.8%			
50,000	\$43,421.18	\$43,803.18	\$382.00	0.9%			
60,000	\$51,861.41	\$52,319.81	\$458.40	0.9%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
70,000	\$60,301.65	\$60,836.45	\$534.80	0.9%			
80,000	\$68,741.88	\$69,353.08	\$611.20	0.9%			
90,000	\$77,182.12	\$77,869.72	\$687.60	0.9%	TSA DRA	\$0.03094	\$0.03094
100,000	\$85,622.35	\$86,386.35	\$764.00	0.9%		-\$0.004316	-\$0.004316
110,000	\$94,062.59	\$94,902.99	\$840.40	0.9%			
120,000	\$102,502.82	\$103,419.62	\$916.80	0.9%			
130,000	\$110,943.06	\$111,936.26	\$993.20	0.9%			
140,000	\$119,383.29	\$120,452.89	\$1,069.60	0.9%			
150,000	\$127,823.53	\$128,969.53	\$1,146.00	0.9%			
175,000	\$148,924.12	\$150,261.12	\$1,337.00	0.9%			
200,000	\$170,024.70	\$171,552.70	\$1,528.00	0.9%			
225,000	\$191,125.29	\$192,844.29	\$1,719.00	0.9%			
250,000	\$212,225.88	\$214,135.88	\$1,910.00	0.9%	Note: Impacts include an estimate for gas supply.		
275,000	\$233,326.47	\$235,427.47	\$2,101.00	0.9%			

<u>Month</u>	<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
January	221,221.08	\$187,935.79	\$189,625.92	\$1,690.13	0.9%
February	203,535.13	\$173,008.43	\$174,563.44	\$1,555.01	0.9%
March	183,848.03	\$156,392.06	\$157,796.66	\$1,404.60	0.9%
April	140,204.98	\$119,556.30	\$120,627.47	\$1,071.17	0.9%
May	146,121.65	\$124,550.11	\$125,666.48	\$1,116.37	0.9%
June	102,841.98	\$88,021.05	\$88,806.76	\$785.71	0.9%
July	97,135.00	\$83,204.22	\$83,946.34	\$742.11	0.9%
August	102,827.50	\$88,008.83	\$88,794.43	\$785.60	0.9%
September	101,419.58	\$86,820.51	\$87,595.36	\$774.85	0.9%
October	127,108.99	\$108,502.98	\$109,474.09	\$971.11	0.9%
November	155,832.41	\$132,746.22	\$133,936.78	\$1,190.56	0.9%
December	215,152.50	\$182,813.77	\$184,457.54	\$1,643.77	0.9%
Annual Totals	1,797,249	\$1,531,560.29	\$1,545,291.27	\$13,730.98	0.9%

**Corning Natural Gas Corporation**  
**CASE 11-G-0280**

**BILL IMPACTS - MONTHLY & ANNUAL**

**Corning S.C. 7 Transportation > 25000**  
**IT, ITO**

<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>			<u>Year 2</u> <u>Rates</u>	<u>Year 3</u> <u>Rates</u>
			<u>Amount</u>	<u>Percent</u>			
25	\$1,241.29	\$1,241.33	\$0.04	0.0%	Transportation >x	\$1,220.00	\$1,220.00
100	\$1,305.17	\$1,305.31	\$0.14	0.0%		\$0.08610	\$0.08750
500	\$1,645.83	\$1,646.53	\$0.70	0.0%			
1,000	\$2,071.66	\$2,073.06	\$1.40	0.1%			
5,000	\$5,478.32	\$5,485.32	\$7.00	0.1%			
10,000	\$9,736.64	\$9,750.64	\$14.00	0.1%			
50,000	\$43,803.18	\$43,873.18	\$70.00	0.2%			
60,000	\$52,319.81	\$52,403.81	\$84.00	0.2%	Estimated Gas Supply Cost	\$0.73894	\$0.73894
70,000	\$60,836.45	\$60,934.45	\$98.00	0.2%			
80,000	\$69,353.08	\$69,465.08	\$112.00	0.2%			
90,000	\$77,869.72	\$77,995.72	\$126.00	0.2%	TSA DRA	\$0.03094	\$0.03094
100,000	\$86,386.35	\$86,526.35	\$140.00	0.2%		-\$0.004316	-\$0.004316
110,000	\$94,902.99	\$95,056.99	\$154.00	0.2%			
120,000	\$103,419.62	\$103,587.62	\$168.00	0.2%			
130,000	\$111,936.26	\$112,118.26	\$182.00	0.2%			
140,000	\$120,452.89	\$120,648.89	\$196.00	0.2%			
150,000	\$128,969.53	\$129,179.53	\$210.00	0.2%			
175,000	\$150,261.12	\$150,506.12	\$245.00	0.2%			
200,000	\$171,552.70	\$171,832.70	\$280.00	0.2%			
225,000	\$192,844.29	\$193,159.29	\$315.00	0.2%			
250,000	\$214,135.88	\$214,485.88	\$350.00	0.2%	Note: Impacts include an estimate for gas supply.		
275,000	\$235,427.47	\$235,812.47	\$385.00	0.2%			

<u>Month</u>	<u>Sales</u> <u>Ccf</u>	<u>Bills at</u> <u>Present</u> <u>Rates</u>	<u>Bills at</u> <u>Proposed</u> <u>Rates</u>	<u>Difference</u>	
				<u>Amount</u>	<u>Percent</u>
January	221,221.08	\$189,625.92	\$189,935.63	\$309.71	0.2%
February	203,535.13	\$174,563.44	\$174,848.39	\$284.95	0.2%
March	183,848.03	\$157,796.66	\$158,054.05	\$257.39	0.2%
April	140,204.98	\$120,627.47	\$120,823.76	\$196.29	0.2%
May	146,121.65	\$125,666.48	\$125,871.05	\$204.57	0.2%
June	102,841.98	\$88,806.76	\$88,950.74	\$143.98	0.2%
July	97,135.00	\$83,946.34	\$84,082.33	\$135.99	0.2%
August	102,827.50	\$88,794.43	\$88,938.39	\$143.96	0.2%
September	101,419.58	\$87,595.36	\$87,737.35	\$141.99	0.2%
October	127,108.99	\$109,474.09	\$109,652.04	\$177.95	0.2%
November	155,832.41	\$133,936.78	\$134,154.94	\$218.17	0.2%
December	215,152.50	\$184,457.54	\$184,758.75	\$301.21	0.2%
Annual Totals	1,797,249	\$1,545,291.27	\$1,547,807.42	\$2,516.15	0.2%

SUBJECT: Filing by CORNING NATURAL GAS CORPORATION

Amendments to Schedule P.S.C. No. 4 - Gas

Second Revised Leaves Nos. 78, 80.2, 80.3, 80.5  
Third Revised Leaves Nos. 80.4, 80.6, 81  
Fifth Revised Leaf No. 137  
Sixth Revised Leaf No. 138.1  
Eighth Revised Leaf No. 75  
Tenth Revised Leaf No. 12  
Eleventh Revised Leaves Nos. 131, 140, 169  
Supplement Nos. 21, 22, 23

Amendments to Schedule P.S.C. No. 5 - Gas (Hammondsport)

First Revised Leaves Nos. 83, 84, 86, 87, 88  
Third Revised Leaves Nos. 110, 123  
Fourth Revised Leaf No. 109  
Fifth Revised Leaf No. 127  
Sixth Revised Leaf No. 76  
Supplement Nos. 5, 6, 7

Amendments to Schedule P.S.C. No. 6 - Gas (Bath)

Second Revised Leaves Nos. 25, 30, 32  
Fourth Revised Leaf No. 22  
Fifth Revised Leaf No. 7  
Supplement Nos. 5, 6, 7